

NOTICE OF MEETING VILLAGE OF FOX POINT AUDIT COMMITTEE

SCHWEMER HALL - MUNICIPAL BUILDING
7200 N. SANTA MONICA BLVD.
FOX POINT, WI 53217

TUESDAY
MAY 30, 2023
5:00 P.M.

NOTE: THE AUDIT COMMITTEE WILL BE MEETING IN PERSON AT VILLAGE HALL, WITH A REMOTE ATTENDANCE OPTION, PER THE HYBRID MEETING PROCEDURES FURTHER DESCRIBED IN SECTION 19-32 D. OF THE VILLAGE CODE. THIS MEETING IS OPEN TO ALL CITIZENS IN PERSON AT VILLAGE HALL, OR THROUGH THE ZOOM PARTICIPANT INFORMATION SHOWN BELOW, SUBJECT TO THE FOLLOWING: NO ASSURANCE IS PROVIDED TO THOSE GOVERNING BODY MEMBERS AND CITIZENS INTENDING TO ATTEND REMOTELY THAT THE TECHNOLOGY WILL PERFORM SUFFICIENTLY TO ALLOW FOR THEIR PARTICIPATION AND THE MEETING WILL PROCEED REGARDLESS. PUBLIC OFFICIALS AND CITIZENS WISHING TO ENSURE THEY CAN PARTICIPATE ARE ENCOURAGED TO ATTEND IN PERSON. CITIZENS ARE ENCOURAGED TO SUBMIT ANY COMMENTS IN WRITING IN ADVANCE OF THE MEETING TO THE VILLAGE MANAGER AT sbotcher@villageoffoxpoint.com.

Zoom Participant Information

<https://us02web.zoom.us/j/87902352137>

Dial: (312) 626-6799

Meeting ID: 879 0235 2137

AGENDA

1. **Roll Call**
2. **Approval of the June 07, 2022 Audit Committee meeting minutes.**
3. **Discussion and Possible Action Re: FY 2022 "Draft" Village Audit**
4. **Adjourn**

PLEASE NOTE: Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through sign language interpreters or other auxiliary aids. For additional information or to request these services, contact the Village Clerk at (414) 351-8900. It is possible that members of, and possibly a quorum of members of, other governmental bodies of the municipality may be in attendance at the above-stated meeting to gather information; no action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice.

VILLAGE OF FOX POINT
AUDIT COMMITTEE
JUNE 7, 2022

A meeting of the Fox Point Audit Committee was held in Schwemer Hall, 7200 N. Santa Monica Blvd., on Tuesday, June 7, 2022 at 4:00 p.m. via Zoom telephonic and video conferencing. The Village Clerk Treasurer took roll call. Those present included:

Christine Symchych, Chair
Catie Anderson Knight, Member
Terry Rindt, Member
Kenneth Wirth, Member

Also present were Village Manager Scott Botcher, Assistant Village Manager Kevin Ausman, Village Financial Manager Mary Carthell, Village Clerk/Treasurer Kelly Meyer, and Wendi Unger of Baker Tilly Virchow Krause & Company.

Notice of the meeting was provided to the North Shore Now and to all others as required by State open meetings laws and posted on the official bulletin board at 7200 N Santa Monica Boulevard, as well as the village website at www.villageoffoxpoint.com, as per 2015 Wisconsin Act 79 and as described in Village Ordinance Chapter 116-2, 116-2(C).

Approval of the Minutes of the May 19, 2021 Audit Committee Meeting

On motion by Member Terry Rindt, seconded by Kenneth Wirth, and carried by roll call vote (4-0) the Committee approved the May 19, 2021 Audit Committee meeting minutes.

Discussion and Possible Action Re: Fiscal Year 2021 Village Audit Draft

Ms. Wendi Unger, partner Baker Tilly Virchow Krause was present for the Village audit.

Ms. Unger presented information related to the 2021 Village Audit, including the *Financial Statement* and the *Communication to Those Charged with Governance and Management Report for the year ended, December 31, 2021*, as distributed.

On motion of Chair Christine Symchych, seconded by Member Terry Rindt, and carried unanimously (4-0) the Committee accepts and recommends to the Village Board the Fiscal Year 2021 Village Audit in final format to be presented by Baker Tilly Partner, Wendi Unger at the Village Board meeting on Tuesday, June 14, 2022.

Adjourn

On motion by Member Terry Rindt, seconded by Chair Christine Symchych, and unanimously carried 4-0, the Audit Committee adjourned at 4:50 p.m.

Respectfully submitted,

Kelly A. Meyer, CMC/WCMC
Village Clerk Treasurer



Reporting and insights from 2022 audit:

Village of Fox Point

December 31, 2022

Executive summary

May 30, 2023

To the Village Board
Village of Fox Point

We have completed our audit of the financial statements of the Village of Fox Point (the Village) for the year ended December 31, 2022, and have issued our report thereon dated May 30, 2023. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Village's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

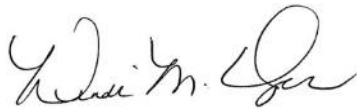
Additionally, we have included information on key risk areas the Village of Fox Point should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Wendi Unger, CPA, Partner: wendi.unger@bakertilly.com or 1 (414) 777 5423

Sincerely,

Baker Tilly US, LLP



Wendi M. Unger, CPA, Partner

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Village's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Village Board:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or the Village Board of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Village Board, including:

- Internal control matters
- Qualitative aspects of the Village's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Village and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting and auditing standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Village's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension asset and liability and OPEB liability	Long-term debt
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures

Internal control matters

We considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We identified the following deficiencies as material weaknesses:

- **Inadequate segregation of duties**

A properly designed system of internal control includes adequate staffing as well as policies and procedures to properly segregate duties. This includes systems that are designed to limit the access or control of any one individual to your government's assets or accounting records, and to achieve a higher likelihood that errors or irregularities in your accounting processes would be discovered by your staff in a timely manner.

At this time, due to staffing and financial limitations, the proper internal controls are not in place to achieve adequate segregation of duties. As a result, errors, irregularities or fraud could occur as part of the financial reporting process that may not be discovered by someone in your organization. Therefore, we are reporting a material weakness related to the internal control environment.

- **Missing key controls**

There are certain controls that are not currently in place related to significant transaction cycles. As a result, there is a risk that erroneous or unauthorized transactions or misstatements could occur without the knowledge of management or the governing body. Our recommendations for strengthening controls are listed below.

Controls over utility billing

- Persons involved in the cash receipting process should be independent of other billing duties.
- The reconciliation of the detailed listing of receivables in the billing system and the receivable balance in the general ledger should be reviewed by someone independent of the utility billing and cash receipting processes.

Since the controls listed above or other compensating controls are not currently in place, errors or irregularities could occur as part of the accounting processes that might not be discovered by management or the governing body. Therefore, the absence of these controls is considered to be a material weakness.

We recommend that a designated employee review the segregation of duties, risks, and these potential controls and determine whether additional controls should be implemented. This determination should take into consideration a cost / benefit analysis.

- **Financial statement close process**

Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- There is adequate staffing to prepare financial reports throughout the year and at year-end.
- Material misstatements are identified and corrected during the normal course of duties.
- Complete and accurate financial statements, including footnotes, are prepared.
- Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes, adjusting journal entries identified by the auditors, and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles. In addition, material misstatements in the general ledger were identified during the financial audit.

Other comments and recommendations

- **Departmental Controls**

As part of our annual audit process, we focus our efforts on the primary accounting systems, internal controls, and procedures used by the Village. This is in keeping with our goal to provide an audit opinion which states that the financial statements of the Village are correct in all material respects.

In some cases, the primary system of accounting procedures and controls of the Village are supported by smaller systems which are decentralized, and reside within a department or location. In many cases, those systems are as simple as handling cash collections and remitting those collections to the Administrative Services Department.

Generally, the more centralized a function is, the easier it is to design and implement accounting controls that provide some level of checks and balances. That is because you are able to divide certain tasks over the people available to achieve some segregation of duties. For those tasks that are decentralized, it is usually very difficult to provide for proper segregation of duties. Therefore, with one person being involved in most or all aspects of a transaction, you lose the ability to rely on the controls to achieve the safeguarding of assets and reliability of financial records.

As auditors, we are required to communicate with you on a variety of topics. Since there is now more emphasis on internal controls and management's responsibilities, we believe it is appropriate to make sure that you are informed about the lack of segregation of duties that may occur at departments or locations that handle cash. Departments in your Village that fit this situation may include the following:

Pool
Police department

As you might expect, similar situations are common in most governments.

As auditors, we are required to focus on the financial statements at a highly summarized level and our audit procedures support our opinion on those financial statements. Departments or locations that handle relatively smaller amounts of money are not the primary focus of our audit. Yet, because of the lack of segregation of duties, the opportunity for loss is higher there than in centralized functions that have more controls.

Because management is responsible for designing and implementing controls and procedures to detect and prevent fraud, we believe that is important for us to communicate this information to you. We have no knowledge of any fraud that has occurred or is suspected to have occurred within the departments mentioned above. However, your role as the governing body is to assess your risk areas and determine that the appropriate level of controls and procedures are in place. As always, the costs of controls and staffing must be weighed against the perceived benefits of safeguarding your assets.

Without adding staff or splitting up the duties, your own day-to-day contact and knowledge of the operation are also important mitigating factors.

Status of Prior Year Comments and Recommendations

1. Controls over Information Technology – This point is still valid.
2. Identity Theft Prevention Program – This point is still valid.
3. Access to Server Room – This point is still valid.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Village are described in Note 1 to the financial statements. As described in Note 1, the Village changed accounting policies related to capital leases by adopting GASB 87: *Leases* in 2022. We noted no transactions entered into by the Village during the year for which accounting policies are controversial or for which there is lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Accrued compensated absences	Evaluation of hours earned and accumulated in accordance with employment policies and average wage per hour rates	Reasonable in relation to the financial statements as a whole
Net pension asset and related deferrals	Evaluation of information provided by the Wisconsin Retirement System	Reasonable in relation to the financial statements as a whole
Total pension liability and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Total/net OPEB liability and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Village or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management is in agreement with the misstatements we have identified, and they have been corrected in the financial statements. The schedule later in the report summarizes the material corrected misstatements that, in our judgment, may not have been detected except through our auditing procedures. The internal control matters section of this report describes the effects on the financial reporting process indicated by the corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Village's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the Village that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Village's related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries
- Compiled regulatory reports
- Utility rate consulting
- Civic Systems Software

In addition, we prepared GASB No. 34 conversion entries which are summarized in the “Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position” and the “Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities” in the financial statements.

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

Audit committee resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the resource page at <https://www.bakertilly.com/insights/audit-committee-resource-page>.

Management representation letter

Baker Tilly US, LLP
777 E. Wisconsin Ave, 32nd Fl
Milwaukee, Wisconsin 53202-5313

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of the Village of Fox Point (the Village) as of December 31, 2022 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America (GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 22, 2021.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable.
- 6) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 7) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 8) All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
- 9) We are not aware of any known actual, possible, pending, or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with accounting principles generally accepted in the United States of America, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) Guarantees, whether written or oral, under which the Village is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Village Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.

- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
- 15) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) There are no known related parties or related party relationships and transactions, including side agreements, of which we are aware.

Other

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have a process to track the status of audit findings and recommendations.
- 19) We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
- 21) The Village has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or fund balance or net position.
- 22) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 23) There are no:
 - a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c) Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
 - d) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - e) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.

- 24) In regards to the nonattest services performed by you listed below, we acknowledge our responsibility related to these nonattest services and have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.

- a) Financial statement preparation
- b) Adjusting journal entries
- c) Compiled regulatory reports
- d) Civic Systems software
- e) Utility rate consulting

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

- 25) The Village of Fox Point has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 26) The Village of Fox Point has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 27) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any. Component units have been properly presented as either blended or discrete.
- 28) The financial statements properly classify all funds and activities.
- 29) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 30) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- 31) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 32) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 33) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 34) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 35) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

- 36) Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
- 37) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 38) Tax-exempt bonds issued have retained their tax-exempt status.
- 39) We have appropriately disclosed the Village of Fox Point's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
- 40) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 41) With respect to the supplementary information, (SI):
 - a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 42) We assume responsibility for, and agree with, the findings of specialists in evaluating the pension and other post employment benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
- 43) We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

- 44) We have implemented GASB Statement No. 87, *Leases*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 45) The auditing standards define an annual report as “a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity’s operations and the financial results and financial position as set out in the financial statements.” Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditors’ report thereon. We confirm that we do not prepare and have no plans to prepare an annual report.

Sincerely,

Village of Fox Point

Signed: _____
Mr. Scott Botcher, Village Manager

Signed: _____
Ms. Mary Carthell, Financial Manager

Signed: _____
Ms. Kelly Meyer, Clerk/Treasurer

Client service team



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Accounting changes relevant to the Village of Fox Point

Future accounting standards update

GASB Statement Number	Description	Potentially Impacts you	Effective Date
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	✓	12/31/23
96	Subscription-Based Information Technology Arrangements	✓	12/31/23
99	Omnibus 2022	✓	12/31/23
100	Accounting Changes and Error Corrections	✓	12/31/24
101	Compensated Absences	✓	12/31/24

Further information on upcoming [GASB pronouncements](#).

Future accounting for subscription-based IT arrangements

Subscription-based IT arrangements include contracts that convey control of the right to use another party's IT software. It would not include any licensing arrangements that provide a perpetual license, which would still be accounted for as an intangible asset. Subscription-based IT arrangements are becoming more and more popular with IT vendors. This standard mirrors the new lease standard. The Village will be able to utilize the systems put into place to implement the lease standard to properly account for these contracts. Common examples of these contracts in the utility industry include:

- Leasing space in the cloud
- GIS systems
- SCADA systems
- Some work order or inventory systems as well as some general ledger or billing systems

The Village should work with its IT department and department managers to determine a population listing of contracts that would fall under this standard to determine the potential future impact to financial reporting.

Material corrected misstatements

Description	Opinion unit	Amount
To record ARPA revenue as deferred revenue	Capital Projects Fund	\$ 684,846
To allocate interest from the General Fund to other funds	Multiple funds	114,850
To implement GASB 87 Lessor	General Fund	1,650,872
To record current year WRS pension activity	Enterprise Funds	155,642
To record NSWC activity for 2022	Water Fund	91,855
To record stormwater additions and depreciation	Storm Water Fund	1,486,296
To record sewer additions and depreciation	Sewer Fund	366,190
To record water additions and depreciation	Water Fund	1,185,724

The remaining misstatements that were identified and corrected by management were not material individually or in the aggregate to the financial statements taken as a whole.

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the Village will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early in January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

Village of Fox Point

Financial Statements and
Supplementary Information

December 31, 2022

Village of Fox Point

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Independent Auditors' Report

To the Village Board of
Village of Fox Point

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Fox Point (the Village), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Fox Point, Wisconsin, as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the Village adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Milwaukee, Wisconsin
May 30, 2023

Village of Fox Point

Management's Discussion and Analysis

December 31, 2022

(unaudited)

The Village of Fox Point (Village) offers the readers of the Village's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2022. The discussion and analysis presents the highlights of financial activities and financial position for the Village. Since the analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget and specific issues related to funds and the economic factors currently affecting the Village, please read it in conjunction with the Village's financial statements following this section.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended December 31, 2022 by \$34,317,892. Of this amount, the governmental activities net position totaled \$11,865,670, while the business-type activities net position totaled \$22,452,222.
- The Village's total net position increased by \$1,916,901, governmental net position increased by \$771,630 and the business-type net position increased by \$1,145,271.
- As of December 31, 2022, the Village's governmental funds reported combined ending fund balances of \$5,664,697, an increase of \$339,000 in comparison with the prior fiscal year. Approximately 69% of this total amount, \$3,917,152, is fund balance that is committed and unassigned and therefore available for spending at the government's discretion.
- As of December 31, 2022, the total unassigned fund balance for the General Fund was \$3,805,907 or 54% of total General Fund expenditures of \$7,044,190.
- As of December 31, 2022, the Village's proprietary funds reported combined total net position of \$22,452,222, an increase of \$1,145,271 in comparison with the prior fiscal year and a total unrestricted net position of \$2,505,420.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: (1) Government-wide financial statements, (2) Fund financial statements and (3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. The government-wide financial statements include a statement of net position and a statement of activities. These statements provide both long-term and short-term information about the Village's overall financial status.

The statement of net position presents information on all of the Village's assets, deferred outflows, deferred inflows and liabilities, with the difference between the two reported as net position. Over time, increase or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

Village of Fox Point

Management's Discussion and Analysis

December 31, 2022

(unaudited)

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as revenues pertaining to uncollected taxes and earned, but unused, vacation leave.

These government-wide financial statements distinguish governmental activities of the Village that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, health and human services, leisure activities and conservation and development. Business-type activities include Water, Sewer and Storm Water Utilities.

The government-wide financial statements are presented on pages 1 – 2 of this report.

Fund Financial Statements

Traditional users of the Village's financial statements will find the fund financial statement presentation to be more familiar. The focus is now on major funds rather than fund types.

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to insure and demonstrate compliance with finance-related legal requirements.

Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. Major funds are separately reported while all other funds are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combined statements in a later section of this report.

All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

A budgetary comparison statement is included for the General Fund, which is a major fund. Data from the nonmajor governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements located within the supplementary information following the notes to the financial statements. These statements and schedules demonstrate compliance with the Village's adopted and final revised budget.

Village of Fox Point

Management's Discussion and Analysis
December 31, 2022
(unaudited)

The basic governmental fund financial statements are presented on pages 3 – 6 of this report.

Proprietary Funds - Proprietary funds are generally used to account for services for which the Village charges customers a fee and are reported in the fund financial statements. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. The Village uses enterprise funds to account for its water, sewer and stormwater operations, which provide services to customers external to the Village organization. Internal service funds provide services and charge fees to customers within the Village organization. The Village of Fox Point has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Water Utility, Sewer Utility and Storm Water Utility Funds are considered to be major funds and are therefore presented separately within the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 7 – 11 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. Total assets of the fiduciary funds were \$28,251,656. The basic fiduciary fund financial statement can be found on pages 12 – 13 of this report.

Notes to the Financial Statements - The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 14 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 64 – 65 of this report.

Government-wide Financial Analysis

Over time, net position may serve as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position. In the case of the Village of Fox Point, assets exceeded liabilities by \$34,317,892.

Village of Fox Point

Management's Discussion and Analysis
December 31, 2022
(unaudited)

Village of Fox Point's Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 18,557,191	\$ 15,334,566	\$ 3,367,123	\$ 3,070,230	\$ 21,924,314	\$ 18,404,796
Capital assets	19,769,041	19,683,842	22,738,731	21,276,216	42,507,772	40,960,058
Total assets	38,326,232	35,018,408	26,105,854	24,346,446	64,432,086	59,364,854
Pension/ OPEB deferred outflows	3,929,528	2,773,759	323,081	209,865	4,252,609	2,983,624
Deferred loss on refunding	34,555	52,173	-	-	34,555	52,173
Total deferred outflows	3,964,083	2,825,932	323,081	209,865	4,287,164	3,035,797
Total assets and deferred outflows of resources	\$ 42,290,315	\$ 37,844,340	\$ 26,428,935	\$ 24,556,311	\$ 68,719,250	\$ 62,400,651
Long-term liabilities	\$ 12,423,118	\$ 12,367,940	2,605,931	2,165,358	\$ 15,029,049	\$ 14,533,298
Other liabilities	4,261,404	3,534,355	991,020	810,039	5,252,424	4,344,394
Total liabilities	16,684,522	15,902,295	3,596,951	2,975,397	20,281,473	18,877,692
Unearned revenues	9,121,636	7,371,050	-	-	9,121,636	7,371,050
Pension/OPEB deferred inflows	4,581,215	3,435,341	379,762	273,963	4,960,977	3,709,304
Deferred gain on refunding	37,272	41,614	-	-	37,272	41,614
Total deferred inflows	13,740,123	10,848,005	379,762	273,963	14,119,885	11,121,968
Net investment in capital assets	11,357,041	9,606,876	19,769,284	18,787,547	29,462,350	27,314,425
Restricted	2,353,817	1,927,413	177,518	135,092	2,531,335	2,062,505
Unrestricted (deficit)	(1,845,188)	(440,249)	2,505,420	2,384,312	2,324,207	3,024,061
Total net position	11,865,670	11,094,040	22,452,222	21,306,951	34,317,892	32,400,991
Total liabilities, deferred inflows of resources and net position	\$ 42,290,315	\$ 37,844,340	\$ 26,428,935	\$ 24,556,311	\$ 68,719,250	\$ 62,400,651

The largest portion of the Village of Fox Point's net position reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure). The Village of Fox Point uses these capital assets to provide services to citizens and these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total net position for governmental activities increased by \$771,630 during the current fiscal year.

Total net position for business-type activities increased by \$1,145,271 during the current fiscal year.

Village of Fox Point

Management's Discussion and Analysis

December 31, 2022

(unaudited)

The table below provides a summary of the Village's changes in net position.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 702,087	\$ 760,538	\$ 3,670,448	\$ 3,531,958	\$ 4,372,535	\$ 4,292,496
Operating grants and contributions	633,404	865,978	-	57,700	633,404	923,678
Capital grants and contributions	-	-	120,320	108,352	120,320	108,352
General revenues:						
Property and other taxes	7,436,495	7,290,785	-	-	7,436,495	7,290,785
Intergovernmental revenues	742,082	293,765	-	127,608	742,082	421,373
Investment income	100,132	6,108	30,823	1,823	130,955	7,931
Other	293,983	219,557	-	-	293,983	219,557
Total revenues	9,908,183	9,436,731	3,821,591	3,827,441	13,729,774	13,264,172
Expenses:						
General government	1,179,387	1,245,976	-	-	1,179,387	1,245,976
Public safety	4,138,717	4,062,773	-	-	4,138,717	4,062,773
Public works	2,514,370	2,535,412	-	-	2,514,370	2,535,412
Health and human services	50,338	46,511	-	-	50,338	46,511
Culture, education and recreation	532,960	441,336	-	-	532,960	441,336
Conservation and development	55,743	44,455	-	-	55,743	44,455
Interest and fiscal charges	243,266	240,483	-	-	243,266	240,483
Water utility	-	-	1,314,725	1,179,648	1,314,725	1,179,648
Sewer utility	-	-	1,054,064	1,020,828	1,054,064	1,020,828
Stormwater utility	-	-	729,303	650,585	729,303	650,585
Total expenses	8,714,781	8,616,946	3,098,092	2,851,061	11,812,873	11,468,007
Transfers	(421,772)	(854,470)	421,772	854,470	-	-
Change in net position	771,630	(34,685)	1,145,271	1,830,850	1,916,901	1,796,165
Net Position, Beginning	11,094,040	11,128,725	21,306,951	19,476,101	32,400,991	30,604,826
Net Position, Ending	\$ 11,865,670	\$ 11,094,040	\$ 22,452,222	\$ 21,306,951	\$ 34,317,892	\$ 32,400,991

The above condensed summary of the Village's governmental and business-type activities for the period ended December 31, 2022 reflects net position increasing by \$1,916,901. The prior period is also included for comparative purposes.

Village of Fox Point

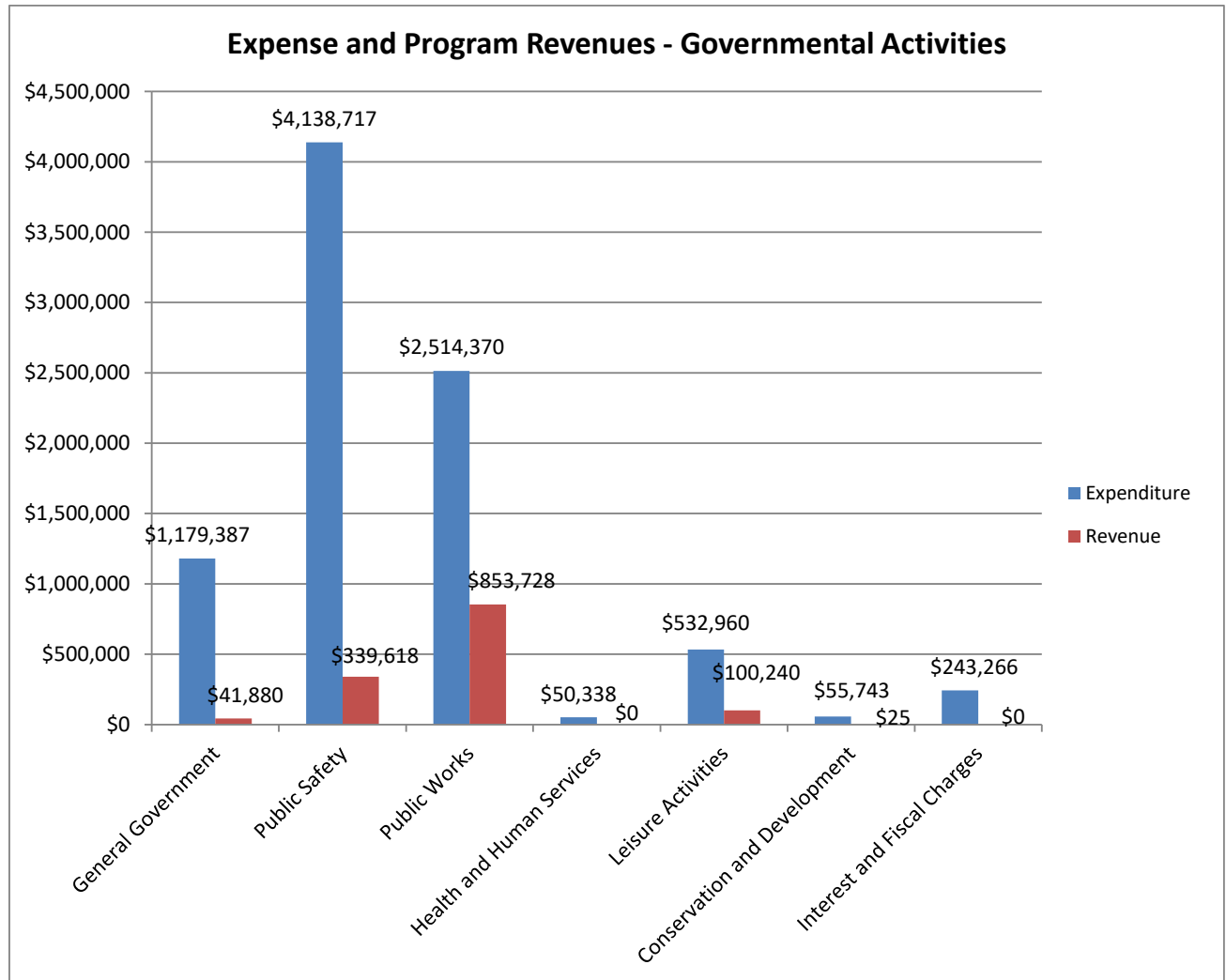
Management's Discussion and Analysis

December 31, 2022

(unaudited)

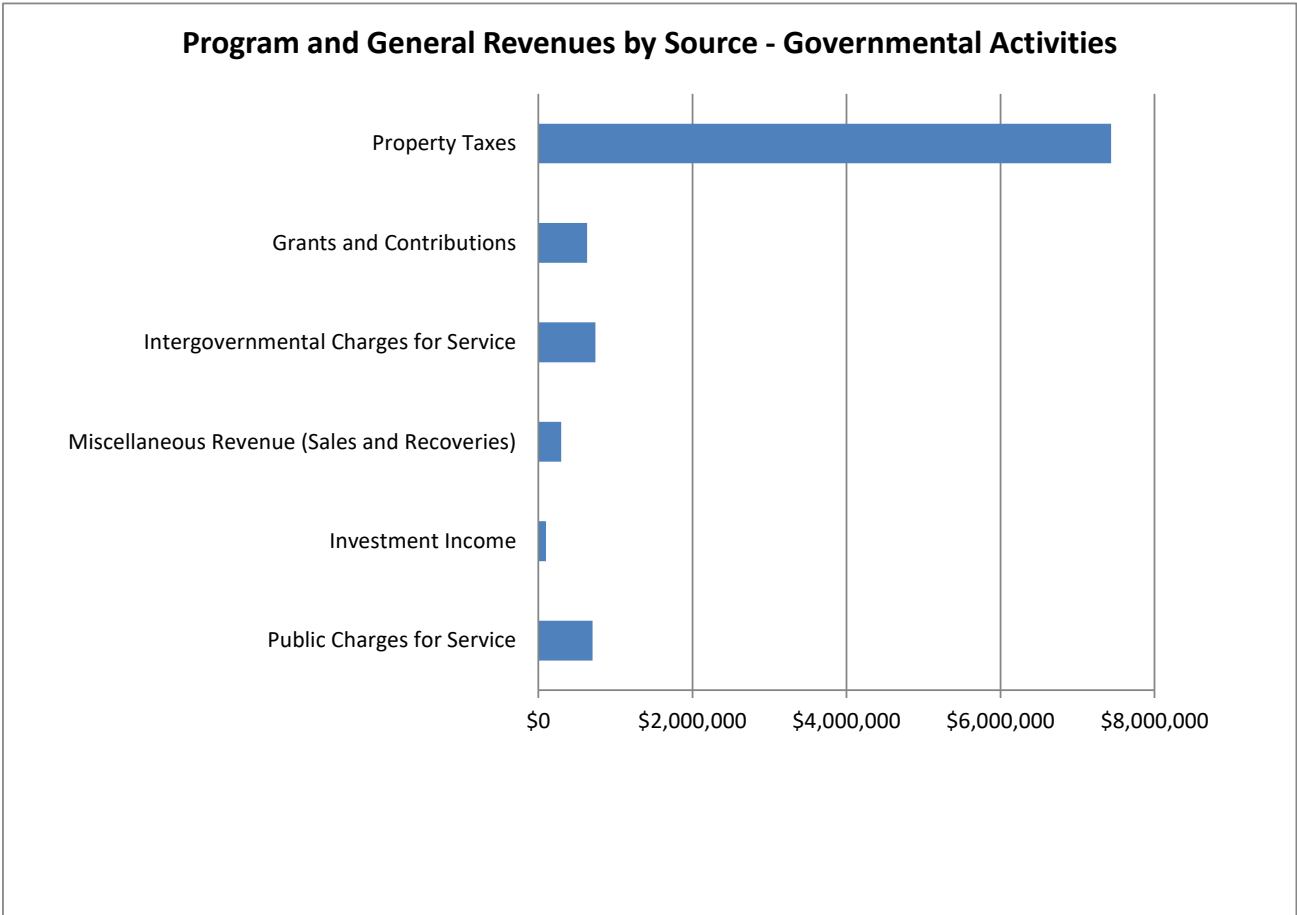
Governmental Activities

Governmental activities decreased the Village of Fox Point's net position by \$771,630.



This graph shows the total governmental activities cost of \$8,714,781 for this year. Of the total amount, public works accounts for \$2,514,370 of the cost and public safety accounts for \$4,138,717 of the cost. Additional activities expenditures in 2022 include general government at \$1,179,387, leisure activities at \$532,960, conservation and development at \$55,743 and health and human services at \$50,338. Interest and fiscal charges accounted for \$243,266 of total governmental activity expenses.

The graph also shows how much of the governmental activities cost is covered by program revenues. The costs that are not covered by program revenue must be covered by taxes, other general revenue or transfers.

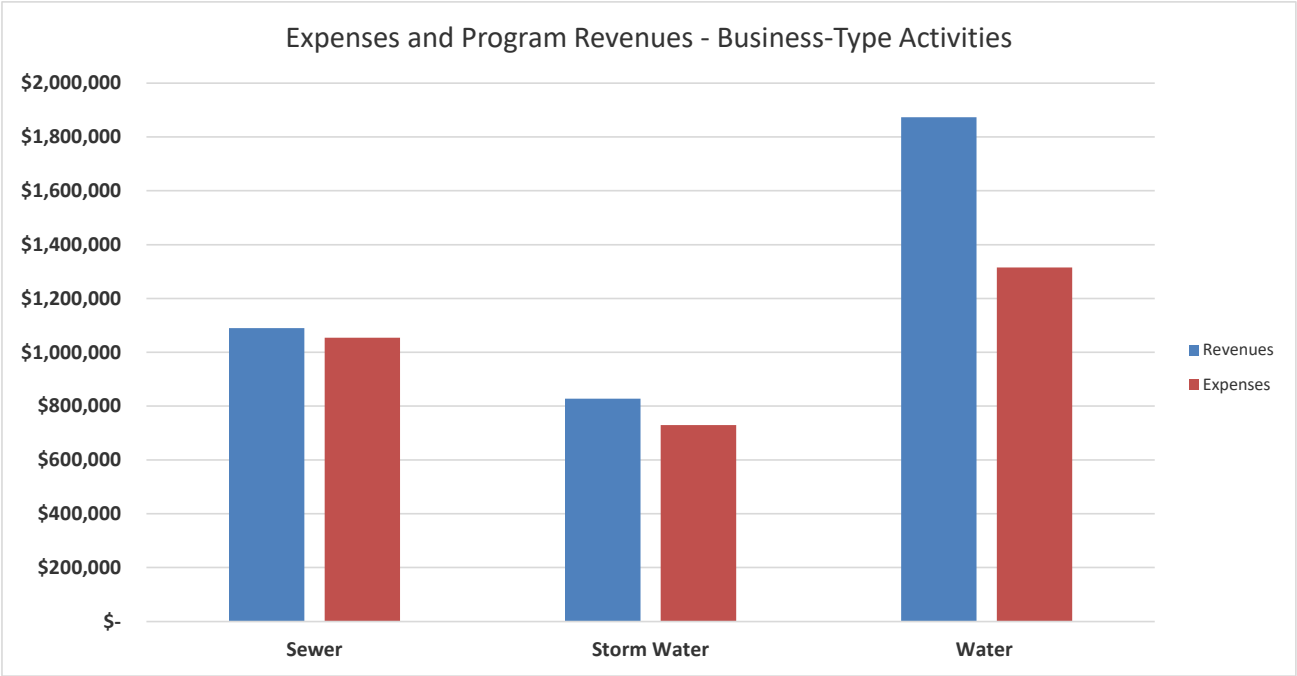


As graphically portrayed above, the Village in 2022 received a significant amount of its revenue – 75% - from property taxes. The Village is also reliant on grants and charges for services to support its governmental operations. These revenue sources each provide 9% and 8% respectively of the governmental activities revenue.

Village of Fox Point

Management's Discussion and Analysis
December 31, 2022
(unaudited)

Proprietary Funds - Proprietary Funds or Business-type activities increased the Village of Fox Point's net position by \$1,145,271.



The above graph shows total business-type activities cost of \$3,098,092 for this year. Water expenses comprised \$1,314,725 or 42% of the cost, Sewer expenses accounted for \$1,054,064 or 34% and Storm Water expenses consisted of \$729,303 or 24% of the cost.

The graph also shows how much of the business-type activities cost is covered by program revenues. Revenue for business-type activities exceeded expenditures by 22%. The additional revenue is the result of the Village's continued effort to gradually build additional cash reserves to permit cash-financing of capital projects in the future.

As shown above, in 2022, the Village's business-type activities – water, sewer and stormwater utilities – received the vast majority of its revenue from charges for services. Charges for services totaled \$3,670,448. Interest income, capital grants and contributions and miscellaneous income account for the remaining balance of business-type activities revenue.

Village of Fox Point

Management's Discussion and Analysis

December 31, 2022

(unaudited)

Financial Analysis of the Governmental Funds

Governmental Funds - The focus of the Village of Fox Point's governmental funds is to provide information on short-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As of December 31, 2022, the Village of Fox Point's governmental funds – General Fund, Debt Service, Capital Projects Fund and Nonmajor Governmental Funds - reported a combined ending fund balances of \$5,664,697. Of this amount, \$1,747,545 is restricted or nonspendable to indicate that the funds are not available for spending because it has already been restricted to pay for capital projects (\$1,124,433), debt (\$538,751) and prepaid health insurance premiums and delinquent personal property taxes (\$84,361). The fund balance also includes \$3,917,152 that is available for spending at the government's discretion (committed and unassigned fund balance). Of this amount, \$160,288 is committed for use in the Nonmajor Governmental Funds and \$3,805,907 remains unassigned in the general fund. There is also an unassigned deficit of \$49,043 in the non-major funds. The unassigned fund balance represents 33% of the governmental fund expenditures. Total fund balance represents approximately 50% of the governmental fund expenditures in comparison.

The General Fund is the chief operating fund of the Village of Fox Point. At the end of the 2022 year, unassigned fund balance of the General Fund was \$3,805,907 while the nonspendable General Fund balance was \$84,361. During the 2022 year, the fund balance of the Village of Fox Point's General Fund increased by \$24,836 due to higher than expected revenues and lower than expected expenditures in a number of areas.

The Capital Projects Fund provides funding for capital projects relating to Village-owned capital assets and capital equipment. The ending fund balance was \$1,124,433, an increase of \$205,646 from the 2021 ending fund balance of \$918,787.

The remaining funds are comprised of the Village's Special Revenue Funds (Recycling Fund, Pool Fund, Inspection Fund and Community Development Block Grant Fund (CDBG)) and the Debt Service Fund. The Special Revenue Funds account for grants and fees designated for major Village programs – recycling, municipal pool and inspection services. The Debt Service Fund is used to account for general obligation debt that is supported by property tax revenues. At the end of 2022, the fund balance of the nonmajor funds decreased by \$8,372. During 2022, the special revenue funds generated \$583,938 in revenue, primarily from intergovernmental sources (\$58,661), charges for services (\$288,856) and licenses and permit fees (\$236,571). Total expenditures were \$694,962, with the majority - \$163,876 – for inspection services, \$308,643 – for recycling operations and \$217,227 – for pool operations.

Proprietary Funds - The Village of Fox Point's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year amounted to \$1,133,638 for the Water Utility Fund, \$878,791 for the Sewer Utility Fund and \$492,991 for the Storm Water Utility Fund. The change in net position was an increase of \$349,953 for the Water Utility Fund, an increase of \$43,529 for the Sewer Utility Fund and an increase of \$751,789 for the Storm Water Utility Fund. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village of Fox Point's business-type activities.

Village of Fox Point

Management's Discussion and Analysis
December 31, 2022
(unaudited)

General Fund Budgetary Highlights

The General Fund budget is adopted at the fund level of expenditure. Budget amendments were not made in 2022. The Village's General Fund ended the year with a favorable variance in revenues and an unfavorable variance in expenditures. Revenues were over budget \$52,071 while expenditures were \$66,913 over the final budget.

Capital Asset and Debt Administration

Capital Assets - The Village of Fox Point's investment in capital assets for its governmental and business type activities as of December 31, 2022 amounted to \$42,507,772 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, construction in progress buildings, improvements other than buildings, machinery and equipment and infrastructure such as roads, storm sewers and bridges. The following table provides a summary of the Village's capital assets. Additional information on the Village of Fox Point's capital assets can be found in Note 3 in the notes to the financial statements.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land & land improvements	\$ 7,091,443	\$ 7,001,789	\$ 26,561	\$ 26,561	\$ 7,118,004	\$ 7,028,350
Building and system	5,212,717	5,184,059	1,258,149	1,258,058	6,470,866	6,442,117
Machinery & equipment	5,686,760	5,505,724	652,061	402,995	6,338,821	5,908,719
Infrastructure	10,842,006	10,842,006	32,065,356	30,790,891	42,907,362	41,632,897
Construction in progress	290,463	87,946	801,292	87,336	1,091,755	175,282
Subtotal	29,123,389	28,621,524	34,803,419	32,565,841	63,926,808	61,187,365
Less accumulated depreciation	(9,354,348)	(8,937,682)	(12,064,688)	(11,289,625)	(21,419,036)	(20,227,307)
Total	<u>\$ 19,769,041</u>	<u>\$ 19,683,842</u>	<u>\$ 22,738,731</u>	<u>\$ 21,276,216</u>	<u>\$ 42,507,772</u>	<u>\$ 40,960,058</u>

Long-Term Debt - At the end of the 2022 fiscal year, the Village of Fox Point had total bonded debt outstanding of \$15,223,000. This entire amount is backed by the full faith and credit of the Village.

Village of Fox Point's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds and notes	\$ 12,197,603	\$ 12,164,403	\$ 3,025,397	\$ 2,550,597	\$ 15,223,000	\$ 14,715,000
Total	<u>\$ 12,197,603</u>	<u>\$ 12,164,403</u>	<u>\$ 3,025,397</u>	<u>\$ 2,550,597</u>	<u>\$ 15,223,000</u>	<u>\$ 14,715,000</u>

The Village of Fox Point maintains a bond rating of Aaa from Moody's Investor Service.

Wisconsin state statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its equalized valuation. The current debt limitation for the Village of Fox Point is \$67,954,315 of which the Village has used \$15,223,000 or 22.4%.

Additional information on the Village of Fox Point's long-term debt can be found in Note 3 in the notes to the financial statements.

Village of Fox Point

Management's Discussion and Analysis
December 31, 2022
(unaudited)

Economic Factors and Next Year's Budgets and Rates

The Village will continue to monitor tax exempt rates and interest rate sensitivity looking into 2023. If tax exempt bond rates increase to a yet to be determined level, the Village may consider utilizing a richer blend of its unrestricted cash with debt to fund capital projects.

Requests for Information

This financial report is designed to provide a general overview of the Village of Fox Point's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Village's Finance Department, at 7200 N. Santa Monica Blvd., Fox Point, Wisconsin 53217.

Village of Fox Point

Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 7,153,426	\$ 1,974,018	\$ 9,127,444
Taxes receivable	7,636,683	-	7,636,683
Delinquent personal property taxes	12,914	-	12,914
Accounts receivable	282,117	892,820	1,174,937
Special assessments	-	4,978	4,978
Lease receivable	1,647,722	-	1,647,722
Internal balances	(154,779)	154,779	-
Prepaid items	96,719	-	96,719
Inventories	-	21,659	21,659
Net pension asset, restricted	1,882,389	177,518	2,059,907
Equity in North Shore Water Commission	-	141,351	141,351
Capital assets:			
Land and right of way	5,856,476	26,561	5,883,037
Construction in progress	290,463	801,292	1,091,755
Other capital assets	22,976,450	33,975,566	56,952,016
Less accumulated depreciation/amortization	(9,354,348)	(12,064,688)	(21,419,036)
Total assets	38,326,232	26,105,854	64,432,086
Deferred Outflows of Resources			
Deferred loss on refunding	34,555	-	34,555
Pension and OPEB related amounts	3,929,528	323,081	4,252,609
Total deferred outflows of resources	3,964,083	323,081	4,287,164
Liabilities, Deferred inflows of Resources and Net Position			
Liabilities			
Accounts payable and accrued expenses	1,218,942	441,015	1,659,957
Due to other governmental units	27,004	-	27,004
Deposits	25,000	-	25,000
Unearned revenues	684,846	-	684,846
Noncurrent liabilities:			
Due within one year	2,385,612	615,005	3,000,617
Due in more than one year	12,343,118	2,540,931	14,884,049
Total liabilities	16,684,522	3,596,951	20,281,473
Deferred Inflows of Resources			
Deferred gain on refunding	37,272	-	37,272
Subsequent years tax levy	7,473,914	-	7,473,914
Pension and OPEB related amounts	4,581,215	379,762	4,960,977
Unearned lease revenue	1,647,722	-	1,647,722
Total deferred inflows of resources	13,740,123	379,762	14,119,885
Net Position			
Net investment in capital assets	11,357,041	19,769,284	29,462,350
Restricted for:			
Debt service	471,428	-	471,428
Pension	1,882,389	177,518	2,059,907
Unrestricted (deficit)	(1,845,188)	2,505,420	2,324,207
Total net position	\$ 11,865,670	\$ 22,452,222	\$ 34,317,892

See notes to financial statements

Village of Fox Point

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,179,387	\$ 41,880	\$ -	\$ -	\$ (1,137,507)	\$ -	\$ (1,137,507)
Public safety	4,138,717	299,792	39,826	-	(3,799,099)	-	(3,799,099)
Public works	2,514,370	260,150	593,578	-	(1,660,642)	-	(1,660,642)
Health and human services	50,338	-	-	-	(50,338)	-	(50,338)
Culture, education and recreation	532,960	100,240	-	-	(432,720)	-	(432,720)
Conservation and development	55,743	25	-	-	(55,718)	-	(55,718)
Interest and fiscal charges	243,266	-	-	-	(243,266)	-	(243,266)
Total governmental activities	8,714,781	702,087	633,404	-	(7,379,290)	-	(7,379,290)
Business-type activities:							
Sewer utility	1,054,064	1,054,156	-	35,752	-	35,844	35,844
Water utility	1,314,725	1,873,223	-	-	-	558,498	558,498
Storm water utility	729,303	743,069	-	84,568	-	98,334	98,334
Total business-type activities	3,098,092	3,670,448	-	120,320	-	692,676	692,676
Total	\$ 11,812,873	\$ 4,372,535	\$ 633,404	\$ 120,320	(7,379,290)	692,676	(6,686,614)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					5,704,948	-	5,704,948
Property taxes, levied for debt service					1,676,182	-	1,676,182
Other taxes					55,365	-	55,365
Intergovernmental revenues not restricted to specific programs					742,082	-	742,082
Investment income					100,132	30,823	130,955
Miscellaneous					293,983	-	293,983
Total general revenues					8,572,692	30,823	8,603,515
Transfers					(421,772)	421,772	-
Change in net position					771,630	1,145,271	1,916,901
Net Position, Beginning					11,094,040	21,306,951	32,400,991
Net Position, Ending					\$ 11,865,670	\$ 22,452,222	\$ 34,317,892

See notes to financial statements

Village of Fox Point

Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Assets					
Cash and investments	\$ 4,289,313	\$ 538,751	\$ 2,116,523	\$ 208,839	\$ 7,153,426
Receivables:					
Taxes	5,877,422	1,759,261	-	-	7,636,683
Delinquent personal property tax	12,914	-	-	-	12,914
Accounts	27,574	-	210,191	44,352	282,117
Lease receivables	1,647,722	-	-	-	1,647,722
Due from other funds	42,471	-	-	8,105	50,576
Prepaid items	71,447	-	25,272	-	96,719
	<u>11,968,863</u>	<u>2,298,012</u>	<u>2,351,986</u>	<u>261,296</u>	<u>16,880,157</u>
Total assets					
	<u>\$ 11,968,863</u>	<u>\$ 2,298,012</u>	<u>\$ 2,351,986</u>	<u>\$ 261,296</u>	<u>\$ 16,880,157</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 88,715	\$ -	\$ 542,707	\$ 98,261	\$ 729,683
Accrued liabilities	412,617	-	-	9,319	421,936
Deposits	25,000	-	-	-	25,000
Due to other funds	162,884	-	-	42,471	205,355
Due to other governments	27,004	-	-	-	27,004
Unearned revenues	-	-	684,846	-	684,846
	<u>716,220</u>	<u>-</u>	<u>1,227,553</u>	<u>150,051</u>	<u>2,093,824</u>
Total liabilities					
	<u>716,220</u>	<u>-</u>	<u>1,227,553</u>	<u>150,051</u>	<u>2,093,824</u>
Deferred Inflows of Resources					
Unearned revenues	<u>7,362,375</u>	<u>1,759,261</u>	<u>-</u>	<u>-</u>	<u>9,121,636</u>
Total deferred inflows of resources					
	<u>7,362,375</u>	<u>1,759,261</u>	<u>-</u>	<u>-</u>	<u>9,121,636</u>
Fund Balance					
Nonspendable	84,361	-	-	-	84,361
Restricted	-	538,751	1,124,433	-	1,663,184
Committed	-	-	-	160,288	160,288
Unassigned (deficit)	<u>3,805,907</u>	<u>-</u>	<u>-</u>	<u>(49,043)</u>	<u>3,756,864</u>
	<u>3,890,268</u>	<u>538,751</u>	<u>1,124,433</u>	<u>111,245</u>	<u>5,664,697</u>
Total fund balances					
	<u>3,890,268</u>	<u>538,751</u>	<u>1,124,433</u>	<u>111,245</u>	<u>5,664,697</u>
Total liabilities, deferred inflows of resources and fund balance					
	<u>\$ 11,968,863</u>	<u>\$ 2,298,012</u>	<u>\$ 2,351,986</u>	<u>\$ 261,296</u>	<u>\$ 16,880,157</u>

See notes to financial statements

Village of Fox Point

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2022

Total Fund Balances, Governmental Funds \$ 5,664,697

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.

Land	1,203,921
Land improvements	4,652,555
Construction in progress	290,463
Other capital assets	22,976,450
Less accumulated depreciation	(9,354,348)

The net pension asset does not relate to current financial resources and is not reported in the governmental funds. 1,882,389

Deferred outflows of resources related to pensions and OPEBs do not relate to current financial resources and are not reported in the governmental funds. 3,929,528

Deferred inflows of resources related to pensions and OPEBs do not relate to current financial resources and are not reported in the governmental funds. (4,581,215)

Deferred loss on refunding does not relate to current financial resources and is not reported in the governmental funds. 34,555

Deferred gain on refunding does not relate to current financial resources and is not reported in the governmental funds. (37,272)

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(12,197,603)
Compensated absences	(814,074)
Accrued interest	(67,323)
Total OPEB obligation, Health Insurance	(486,947)
Total OPEB obligation, Life Insurance	(302,008)
Unamortized debt premium	(371,437)
North Shore Fire Department obligations	(368,133)
Total pension liability, single-employer plan	<u>(188,528)</u>

Net Position of Governmental Activities \$ 11,865,670

Village of Fox Point

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Taxes	\$ 5,760,313	\$ 1,676,182	\$ -	\$ -	\$ 7,436,495
Intergovernmental	782,417	-	454,233	58,511	1,295,161
Licenses and permits	117,126	-	-	236,571	353,697
Fines, forfeitures and penalties	68,001	-	-	-	68,001
Public charges for services	10,540	-	-	288,856	299,396
Intergovernmental charges for services	140,426	14,318	-	-	154,744
Special assessments	-	-	1,108	-	1,108
Investment income	50,636	11,704	37,792	-	100,132
Miscellaneous revenues	80,677	-	28,790	-	109,467
Total revenues	<u>7,010,136</u>	<u>1,702,204</u>	<u>521,923</u>	<u>583,938</u>	<u>9,818,201</u>
Expenditures					
Current:					
General government	1,148,222	-	-	-	1,148,222
Public safety	3,952,887	-	-	163,876	4,116,763
Public works	1,545,096	-	-	308,643	1,853,739
Health and human services	52,770	-	-	-	52,770
Culture, recreation and education	289,472	-	-	217,227	506,699
Conservation and development	55,743	-	-	-	55,743
Capital outlay	-	-	1,896,671	5,216	1,901,887
Debt service:					
Principal	-	1,491,800	-	-	1,491,800
Interest and fiscal charges	-	249,543	33,111	-	282,654
Total expenditures	<u>7,044,190</u>	<u>1,741,343</u>	<u>1,929,782</u>	<u>694,962</u>	<u>11,410,277</u>
Excess (deficiency) of revenues over expenditures	<u>(34,054)</u>	<u>(39,139)</u>	<u>(1,407,859)</u>	<u>(111,024)</u>	<u>(1,592,076)</u>
Other Financing Sources (Uses)					
Transfers in	275,478	15,413	-	168,065	458,956
Transfers out	(168,065)	-	-	(65,413)	(233,478)
Proceeds from sale of capital assets	1,477	-	88,505	-	89,982
Premium on debt issued	-	90,616	-	-	90,616
Debt issued	-	-	1,525,000	-	1,525,000
Total other financing sources (uses)	<u>108,890</u>	<u>106,029</u>	<u>1,613,505</u>	<u>102,652</u>	<u>1,931,076</u>
Net change in fund balances	74,836	66,890	205,646	(8,372)	339,000
Fund Balances, Beginning	<u>3,815,432</u>	<u>471,861</u>	<u>918,787</u>	<u>119,617</u>	<u>5,325,697</u>
Fund Balances, Ending	<u>\$ 3,890,268</u>	<u>\$ 538,751</u>	<u>\$ 1,124,433</u>	<u>\$ 111,245</u>	<u>\$ 5,664,697</u>

See notes to financial statements

Village of Fox Point

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2022

Net Change in Fund Balances, Total Governmental Funds \$ 339,000

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,901,887
Some items reported as capital outlay were not capitalized	(437,717)
Capital assets contributed to stormwater	(647,250)
Depreciation is reported in the government-wide financial statements	(636,859)
Net book value of assets retired	(94,862)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(1,525,000)
Principal repaid	1,491,800

Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or uses. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt premium on debt issued	(90,616)
Amortization of premium on debt issued	58,996

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	367
North Shore Fire Department obligations	51,251
Accrued interest on debt	(6,332)
Net pension asset, WRS	365,844
Total pension liability, single-employer plan	1,182
Net OPEB liability, Life Insurance	(32,682)
Total OPEB liability, Health Insurance	36,002
Deferred outflows of resources related to pensions and OPEBs	1,155,769
Deferred inflows of resources related to pensions and OPEBs	(1,145,874)
Amortization of deferred loss on refunding	(17,618)
Amortization of deferred gain on refunding	4,342

Change in Net Position of Governmental Activities \$ 771,630

Village of Fox Point

Statement of Net Position
 Proprietary Funds
 December 31, 2022

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Storm Water Utility	Total
Assets				
Current assets:				
Cash and investments	\$ 929,196	\$ 716,696	\$ 328,126	\$ 1,974,018
Accounts receivables	375,608	257,970	242,465	876,043
Due from other funds	68,526	60,111	26,142	154,779
Inventory	21,659	-	-	21,659
Special assessments receivable	4,978	16,777	-	21,755
Total current assets	1,399,967	1,051,554	596,733	3,048,254
Noncurrent assets:				
Restricted assets:				
Net pension asset	87,131	50,021	40,366	177,518
Capital assets:				
Construction in progress	801,292	-	-	801,292
Property and equipment	17,448,956	8,670,335	7,856,275	33,975,566
Land	26,561	-	-	26,561
Less accumulated depreciation	(7,619,731)	(2,605,457)	(1,839,500)	(12,064,688)
Other assets:				
Equity in North Shore Water Commission	141,351	-	-	141,351
Total noncurrent assets	10,885,560	6,114,899	6,057,141	23,057,600
Total assets	12,285,527	7,166,453	6,653,874	26,105,854
Deferred Outflows of Resources				
Pension related amounts	134,065	91,649	97,367	323,081
Total deferred outflows of resources	134,065	91,649	97,367	323,081

Village of Fox Point

Statement of Net Position
 Proprietary Funds
 December 31, 2022

	Business-Type Activities - Enterprise Funds			
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>	<u>Total</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 285,964	\$ 103,439	\$ 10,987	\$ 400,390
Accrued wages	7,660	5,320	3,787	16,767
Accrued interest	12,720	620	10,518	23,858
Compensated absences	45,283	34,424	48,131	127,838
Current portion of long-term debt	<u>167,541</u>	<u>109,626</u>	<u>210,000</u>	<u>487,167</u>
Total current liabilities	<u>519,168</u>	<u>253,429</u>	<u>283,423</u>	<u>1,056,020</u>
Noncurrent liabilities:				
Long-term debt:				
General obligation bonds payable	1,398,096	222,854	917,279	2,538,229
Unamortized premium	<u>375</u>	<u>2,327</u>	<u>-</u>	<u>2,702</u>
Total noncurrent liabilities	<u>1,398,471</u>	<u>225,181</u>	<u>917,279</u>	<u>2,540,931</u>
Total liabilities	<u>1,917,639</u>	<u>478,610</u>	<u>1,200,702</u>	<u>3,596,951</u>
Deferred Inflows of Resources				
Pension related amounts	<u>145,522</u>	<u>106,554</u>	<u>127,686</u>	<u>379,762</u>
Total deferred inflows of resources	<u>145,522</u>	<u>106,554</u>	<u>127,686</u>	<u>379,762</u>
Net Position				
Net investment in capital assets	9,135,662	5,744,126	4,889,496	19,769,284
Restricted for:				
Pensions	87,131	50,021	40,366	177,518
Unrestricted net position	<u>1,133,638</u>	<u>878,791</u>	<u>492,991</u>	<u>2,505,420</u>
Total net position	<u>\$ 10,356,431</u>	<u>\$ 6,672,938</u>	<u>\$ 5,422,853</u>	<u>\$ 22,452,222</u>

See notes to financial statements

Village of Fox Point

Statement of Revenues, Expenses and Changes in Net Position -
 Proprietary Funds
 Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Storm Water Utility	Total
Operating Revenues				
Public charges for services	\$ 1,797,054	\$ 1,054,156	\$ 743,069	\$ 3,594,279
Other operating revenues	<u>76,169</u>	<u>-</u>	<u>-</u>	<u>76,169</u>
Total operating revenues	<u>1,873,223</u>	<u>1,054,156</u>	<u>743,069</u>	<u>3,670,448</u>
Operating Expenses				
Operation and maintenance	896,638	951,084	360,200	2,207,922
Depreciation/amortization	360,309	95,354	336,919	792,582
Taxes	<u>14,613</u>	<u>4,156</u>	<u>-</u>	<u>18,769</u>
Total operating expenses	<u>1,271,560</u>	<u>1,050,594</u>	<u>697,119</u>	<u>3,019,273</u>
Operating income	<u>601,663</u>	<u>3,562</u>	<u>45,950</u>	<u>651,175</u>
Nonoperating Revenues (Expenses)				
Investment income	16,933	7,685	6,205	30,823
Grants from local governments	-	35,752	84,568	120,320
Interest and fiscal charges	(43,544)	(4,308)	(32,184)	(80,036)
Amortization	<u>379</u>	<u>838</u>	<u>-</u>	<u>1,217</u>
Total nonoperating revenues (expenses)	<u>(26,232)</u>	<u>39,967</u>	<u>58,589</u>	<u>72,324</u>
Income before contributions and transfers	<u>575,431</u>	<u>43,529</u>	<u>104,539</u>	<u>723,499</u>
Contributions and Transfers				
Capital contributions	-	-	647,250	647,250
Transfers out	<u>(225,478)</u>	<u>-</u>	<u>-</u>	<u>(225,478)</u>
Total contributions and transfers	<u>(225,478)</u>	<u>-</u>	<u>647,250</u>	<u>421,772</u>
Change in net position	349,953	43,529	751,789	1,145,271
Net Position, Beginning	<u>10,006,478</u>	<u>6,629,409</u>	<u>4,671,064</u>	<u>21,306,951</u>
Net Position, Ending	<u>\$ 10,356,431</u>	<u>\$ 6,672,938</u>	<u>\$ 5,422,853</u>	<u>\$ 22,452,222</u>

See notes to financial statements

Village of Fox Point

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Storm Water Utility	Total
Cash Flows From Operating Activities				
Received from customers	\$ 1,417,674	\$ 1,102,997	\$ 783,644	\$ 3,304,315
Received from municipality for services	435,574	-	-	435,574
Paid to suppliers for goods and services	(547,444)	(826,487)	(283,575)	(1,657,506)
Paid to employees for services	(326,634)	(142,109)	(102,846)	(571,589)
Net cash flows from operating activities	979,170	134,401	397,223	1,510,794
Cash Flows From Investing Activities				
Investment income	16,933	7,685	6,205	30,823
Net cash flows from investing activities	16,933	7,685	6,205	30,823
Cash Flows From Noncapital Financing Activities				
Paid to municipality for tax equivalent	(225,478)	-	-	(225,478)
Net cash flows from noncapital financing activities	(225,478)	-	-	(225,478)
Cash Flows From Capital and Related Financing Activities				
Debt issued	560,000	-	325,000	885,000
Debt retired	(121,100)	(110,100)	(179,000)	(410,200)
Interest paid	(34,723)	(4,407)	(26,537)	(65,667)
Acquisition and construction of capital assets	(792,767)	(270,836)	(502,127)	(1,565,730)
Special assessments received	9,522	23,564	-	33,086
Net cash flows from capital and related financing activities	(379,068)	(361,779)	(382,664)	(1,123,511)
Net change in cash and cash equivalents	391,557	(219,693)	20,764	192,628
Cash and Cash Equivalents, Beginning	537,639	936,389	307,362	1,781,390
Cash and Cash Equivalents, Ending	<u>\$ 929,196</u>	<u>\$ 716,696</u>	<u>\$ 328,126</u>	<u>\$ 1,974,018</u>

See notes to financial statements

Village of Fox Point

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Storm Water Utility	Total
Reconciliation of Operating Income to Net Cash Flows From Operating Activities				
Operating income	\$ 601,663	\$ 3,562	\$ 45,950	\$ 651,175
Nonoperating revenue	-	35,752	84,568	120,320
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	360,309	95,354	336,919	792,582
Depreciation charged to other funds	12,559	-	-	12,559
Changes in assets and liabilities:				
Accounts receivable	(15,243)	17,385	(39,489)	(37,347)
Due from other funds	(17,291)	(4,296)	(4,504)	(26,091)
Inventories	2,378	-	-	2,378
Compensated absences	12,845	9,668	13,601	36,114
Accounts payable	49,913	(4,495)	(21,404)	24,014
Other current liabilities	(5,052)	(3,181)	(6,834)	(15,067)
Pension related deferrals and liabilities/assets	(22,911)	(15,348)	(11,584)	(49,843)
Net cash flows from operating activities	<u>\$ 979,170</u>	<u>\$ 134,401</u>	<u>\$ 397,223</u>	<u>\$ 1,510,794</u>
Noncash Capital and Related Financing Activities				
Equity in NSWC	<u>\$ (33,865)</u>	<u>\$ -</u>	<u>\$ -</u>	
Amortization premium	<u>\$ 379</u>	<u>\$ 838</u>	<u>\$ -</u>	
Capital assets paid with accounts payable	<u>\$ 88,541</u>	<u>\$ -</u>	<u>\$ -</u>	
Capital assets contributed by municipality	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647,250</u>	

See notes to financial statements

Village of Fox Point

Statement of Fiduciary Net Position
 Fiduciary Funds
 December 31, 2022

	<u>Custodial Fund Tax Collection Fund</u>
Assets	
Cash and investments	\$ 13,372,741
Tax roll receivable	<u>14,878,915</u>
Total assets	<u>28,251,656</u>
Liabilities	
Accounts payable	25,592
Due to other taxing units	<u>28,226,064</u>
Total liabilities	<u>28,251,656</u>
Net Position	
Total net position	<u><u>\$ -</u></u>

Village of Fox Point

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2022

	Custodial Fund Tax Collection Fund
Additions	
Tax collections on-behalf of underlying districts	\$ 18,651,119
Deductions	
Tax payments to underlying districts	18,651,119
Change in fiduciary net position	-
Net Position, Beginning	-
Net Position, Ending	\$ -

Village of Fox Point

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December 31, 2022

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Village of Fox Point

Notes to Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Fox Point, Wisconsin (the Village) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Village has not identified any organizations that meet this criteria.

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the Village's leasing activities. This standard was implemented January 1, 2022.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the Village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

General Fund

General Fund accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Debt Service Fund

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than TID or enterprise debt.

Capital Projects Fund

Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the capital program.

Enterprise Funds

The Village reports the following major enterprise funds:

Water Utility accounts for operations of the Water system.

Sewer Utility accounts for operations of the Sewer system.

Stormwater Utility accounts for operations of the Stormwater system.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

The Village reports the following nonmajor governmental funds:

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Recycling
Inspection

Pool

In addition, the Village reports the following fund type:

Custodial Fund

Custodial Fund is used to account for and report assets controlled by the Village and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection Fund

Measurement Focus, Basis of Accounting and Financial Statement Presentation**Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water, sewer and storm water utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and Fiduciary Funds

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer and storm water utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**Deposits and Investments**

For purposes of the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of Village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The Village has adopted an investment policy. That policy follows the state statute for allowable investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3 for further information.

Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the county government as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	March 31, 2023
Third installment due	May 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale, 2022 delinquent real estate taxes	October 2025

Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment (including right-to-use lease assets), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$2,500 general capital assets and \$5,000 for infrastructure assets and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	50-75 Years
Land Improvements	20 Years
Machinery and Equipment	7-30 Years
Utility System	50 Years
Infrastructure	40 Years
Intangibles	5 Years

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

Leases

The Village is a lessor because it leases capital assets to other entities. As a lessor, the Village reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The Village continues to report and depreciate the capital assets being leased as capital assets of the primary government.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets" and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-Type Activities	Adjustment	Total
Net investment in capital assets	\$ 11,357,041	\$ 19,769,284	\$ (1,663,975)	\$ 29,462,350
Unrestricted	(1,845,188)	2,505,420	1,663,975	2,324,207

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Village of Fox Point

Notes to Financial Statements
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- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the Village Manager to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The Village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Village would then first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Village has a formal minimum fund balance policy. That policy is to maintain the Village's General Fund fund balance as of January 1st of each year to be no less than 10% of that year's adopted General Fund operating budget. The General Fund fund balance at year end was \$3,755,907 or approximately 51% of the 2023 General Fund operating budget.

See Note 3 for further information.

Pension

For purposes of measuring the total pension liability and deferred outflows or resources related to pension and pension expense, the Village Stipend Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Village of Fox Point

Notes to Financial Statements
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Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability - Health Insurance, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, the Village OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Basis for Existing Rates**Water Rates**

Current water rates as approved by the PSCW were placed into effect on August 1, 2021.

Sewer Rates

Current sewer rates as approved by the Village Board were placed into effect on January 1, 2013.

Stormwater Rates

Current stormwater rates as approved by the Village Board were placed into effect February 1, 2019.

2. Stewardship, Compliance and Accountability**Excess Expenditures Over Budget**

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt Service Fund	\$ 1,676,182	\$ 1,741,343	\$ 65,161
Special Revenue Fund, Recycling	275,522	308,352	32,830

The Village controls expenditures at the fund level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2022, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Recycling Fund	\$ 49,043	Excess expenditures over revenues

Fund deficits are anticipated to be funded with future contributions or general tax revenues.

Limitations on the Village's Tax Levy

Wisconsin law limits the Village's future tax levies. Generally the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

3. Detailed Notes on All Funds**Deposits and Investments**

The Village's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 19,320,094	\$ 17,813,517	Custodial credit
LGIP	3,179,611	3,179,611	Credit
Petty cash	480	-	N/A
Total deposits and investments	<u>\$ 22,500,185</u>	<u>\$ 20,993,128</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 9,127,444		
Per statement of net position, fiduciary fund:			
Custodial fund	<u>13,372,741</u>		
Total deposits and investments	<u>\$ 22,500,185</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The Village maintains collateral agreements with its banks. At December 31, 2022, the banks had pledged various government securities in the amount of \$15,154,134 to secure the Village's deposits.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village.

The Village does not have any deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Village had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note 1 for further information on deposit and investment policies.

Receivables

All of the receivables on the balance sheet are expected to be collected within one year, except for delinquent personal property taxes.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ 7,473,914
Grants received prior to eligibility requirements	684,846
Unearned lease revenue	<u>1,647,722</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 9,806,482</u>
Unearned revenue included in liabilities	\$ 684,846
Unearned revenue included in deferred inflows	<u>9,121,636</u>
Total unearned revenue for governmental funds	<u>\$ 9,806,482</u>

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Restricted Assets

The following represent the balances of the restricted assets:

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Restricted assets at December 31, 2022 were \$2,059,907.

Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated / amortized:				
Land	\$ 1,203,921	\$ -	\$ -	\$ 1,203,921
Right of way	4,652,555	-	-	4,652,555
Construction in progress	87,946	202,517	-	290,463
Total capital assets not being depreciated / amortized	5,944,422	202,517	-	6,146,939
Capital assets being depreciated / amortized:				
Land improvements	1,145,313	89,654	-	1,234,967
Buildings	5,184,059	66,533	37,875	5,212,717
Machinery and equipment	5,385,953	458,216	277,180	5,566,989
Streets	7,642,184	-	-	7,642,184
Bridges	3,199,822	-	-	3,199,822
Software	119,771	-	-	119,771
Total capital assets being depreciated / amortized	22,677,102	614,403	315,055	22,976,450
Total capital assets	28,621,524	816,920	315,055	29,123,389
Less accumulated depreciation / amortization for:				
Land improvements	(530,544)	(58,805)	-	(589,349)
Buildings	(1,559,728)	(91,049)	14,598	(1,636,179)
Machinery and equipment	(3,126,223)	(254,456)	205,595	(3,175,084)
Streets	(2,859,291)	(169,395)	-	(3,028,686)
Bridges	(782,771)	(58,518)	-	(841,289)
Software	(79,125)	(4,636)	-	(83,761)
Total accumulated depreciation / amortization	(8,937,682)	(636,859)	220,193	(9,354,348)
Net capital assets being depreciated / amortized	13,739,420	(22,456)	94,862	13,622,102
Total governmental activities capital assets, net of accumulated depreciation / amortization	\$ 19,683,842	\$ 180,061	\$ 94,862	\$ 19,769,041

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Depreciation / amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 43,647
Public safety	125,124
Public works	447,544
Culture, education and recreation	<u>20,544</u>

Total governmental activities depreciation / amortization expense	<u><u>\$ 636,859</u></u>
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Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer				
Capital assets being depreciated / amortized:				
Collection system	\$ 8,102,855	\$ 270,836	\$ -	\$ 8,373,691
Treatment and disposal	50,000	-	-	50,000
General	132,381	-	-	132,381
Software	<u>114,263</u>	<u>-</u>	<u>-</u>	<u>114,263</u>
Total capital assets being depreciated / amortized	<u>8,399,499</u>	<u>270,836</u>	<u>-</u>	<u>8,670,335</u>
Less accumulated depreciation / amortization for:				
Sewer capital assets	<u>(2,510,103)</u>	<u>(95,354)</u>	<u>-</u>	<u>(2,605,457)</u>
Total accumulated depreciation / amortization	<u>(2,510,103)</u>	<u>(95,354)</u>	<u>-</u>	<u>(2,605,457)</u>
Net capital assets being depreciated / amortized	<u>5,889,396</u>	<u>175,482</u>	<u>-</u>	<u>6,064,878</u>
Net sewer capital assets	<u><u>\$ 5,889,396</u></u>	<u><u>\$ 175,482</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,064,878</u></u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water				
Capital assets not being depreciated:				
Land and land rights	\$ 26,561	\$ -	\$ -	\$ 26,561
Construction in progress	<u>87,336</u>	<u>713,956</u>	<u>-</u>	<u>801,292</u>
Total capital assets not being depreciated	<u>113,897</u>	<u>713,956</u>	<u>-</u>	<u>827,853</u>
Capital assets being depreciated:				
Source of supply	278,542	-	-	278,542
Pumping	886,161	7,671	-	893,832
Water treatment	1,949,637	26,825	11,663	1,964,799
Transmission and distribution	13,105,530	98,900	18,415	13,186,015
General	<u>1,125,677</u>	<u>91</u>	<u>-</u>	<u>1,125,768</u>
Total capital assets being depreciated	<u>17,345,547</u>	<u>133,487</u>	<u>30,078</u>	<u>17,448,956</u>
Total capital assets	<u>17,459,444</u>	<u>847,443</u>	<u>30,078</u>	<u>18,276,809</u>

Village of Fox Point

Notes to Financial Statements
December 31, 2022

	Beginning Balance	Additions	Deletions	Ending Balance
Less accumulated depreciation for:				
Water capital assets	<u>(7,276,941)</u>	<u>(372,868)</u>	<u>30,078</u>	<u>(7,619,731)</u>
Total accumulated depreciation	<u>(7,276,941)</u>	<u>(372,868)</u>	<u>30,078</u>	<u>(7,619,731)</u>
Net capital assets being depreciated	<u>10,068,606</u>	<u>(239,381)</u>	<u>-</u>	<u>9,829,225</u>
Net water capital assets	<u>\$ 10,182,503</u>	<u>\$ 474,575</u>	<u>\$ -</u>	<u>\$ 10,657,078</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Stormwater				
Capital assets being depreciated / amortized:				
Storm water system	\$ 6,418,166	\$ 900,311	\$ -	\$ 7,318,477
Software	127,635	-	-	127,635
Equipment	<u>161,097</u>	<u>249,066</u>	<u>-</u>	<u>410,163</u>
Total capital assets being depreciated / amortized	<u>6,706,898</u>	<u>1,149,377</u>	<u>-</u>	<u>7,856,275</u>
Less accumulated depreciation / amortization for:				
Storm water system	(1,332,219)	(301,066)	-	(1,633,285)
Software	(71,455)	(27,344)	-	(98,799)
Equipment	<u>(98,907)</u>	<u>(8,509)</u>	<u>-</u>	<u>(107,416)</u>
Total accumulated depreciation / amortization	<u>(1,502,581)</u>	<u>(336,919)</u>	<u>-</u>	<u>(1,839,500)</u>
Net capital assets being depreciated / amortized	<u>5,204,317</u>	<u>812,458</u>	<u>-</u>	<u>6,016,775</u>
Net storm water capital assets	<u>\$ 5,204,317</u>	<u>\$ 812,458</u>	<u>\$ -</u>	<u>\$ 6,016,775</u>
Business-type capital assets, net of accumulated depreciation / amortization	<u>\$ 21,276,216</u>	<u>\$ 1,462,515</u>	<u>\$ -</u>	<u>\$ 22,738,731</u>

Depreciation / amortization expense was charged to functions as follows:

Business-Type Activities

Sewer	\$ 95,354
Water	360,309
Storm water	<u>336,919</u>
Total business-type activities depreciation / amortization expense	<u>\$ 792,582</u>

Depreciation expense is different from additions because of joint metering, salvage cost of removal, internal allocations and cost associated with the disposal of assets.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Interfund Receivables/Payables and Transfers**Interfund Receivables/Payables**

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water utility	General fund	\$ 68,526
Sewer utility	General fund	60,111
Storm water utility	General fund	26,142
Special revenue, recycling fund	General fund	8,105
General fund	Special revenue, recycling fund	<u>42,471</u>
Total, fund financial statements		205,355
Less fund eliminations		<u>(50,576)</u>
Total internal balances, government-wide statement of net position		<u><u>\$ 154,779</u></u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ -
Business-type activities	Governmental activities	<u>154,779</u>
Total government-wide financial statements		<u><u>\$ 154,779</u></u>

All amounts are due within one year.

The principal purpose of these interfunds are due to delinquent utility bills collected during the tax collection process of the general fund. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Water utility	\$ 225,478	Payment in lieu of taxes
General fund	Special revenue, inspection fund	50,000	Transfer surplus funds
Debt service fund	Special revenue, pool fund	15,413	Debt service requirements
Special revenue, recycling fund	General fund	22,989	Reimbursement for expenditures
Special revenue, pool fund	General fund	<u>145,076</u>	Reimbursement for expenditures
Total, fund financial statements		458,956	
Less fund eliminations		(233,478)	
Less capital assets transferred to Storm Water Utility		<u>(647,250)</u>	
Total transfers, government-wide statement of activities		<u>\$ (421,772)</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental activities	Business-type activities	\$ 225,478	
Business-type activities	Governmental activities	<u>(647,250)</u>	
Total government-wide financial statements		<u>\$ (421,772)</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 12,164,403	\$ 1,525,000	\$ 1,491,800	\$ 12,197,603	\$ 1,542,300
(Discounts)/premiums	<u>339,817</u>	<u>90,616</u>	<u>58,996</u>	<u>371,437</u>	<u>-</u>
Total bonds and notes payable	<u>12,504,220</u>	<u>1,615,616</u>	<u>1,550,796</u>	<u>12,569,040</u>	<u>1,542,300</u>
Other liabilities:					
North Shore Fire Department obligation (NSFD)	419,384	-	51,251	368,133	29,238
Total OPEB liability, Health Insurance	522,949	-	36,002	486,947	-
Net OPEB liability, Life Insurance	269,326	32,682	-	302,008	-
Total pension liability, single employer plan	189,710	-	1,182	188,528	-
Vested compensated absences	<u>814,441</u>	<u>-</u>	<u>367</u>	<u>814,074</u>	<u>814,074</u>
Total other liabilities	<u>2,215,810</u>	<u>32,682</u>	<u>88,802</u>	<u>2,159,690</u>	<u>843,312</u>
Total governmental activities long-term liabilities	<u>\$ 14,720,030</u>	<u>\$ 1,648,298</u>	<u>\$ 1,639,598</u>	<u>\$ 14,728,730</u>	<u>\$ 2,385,612</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 2,550,597	\$ 885,000	\$ 410,200	\$ 3,025,397	\$ 487,167
(Discounts)/premiums	<u>3,919</u>	<u>-</u>	<u>1,217</u>	<u>2,702</u>	<u>-</u>
Total bonds and notes payable	<u>2,554,516</u>	<u>885,000</u>	<u>411,417</u>	<u>3,028,099</u>	<u>487,167</u>
Other liabilities:					
Vested compensated absences	<u>91,724</u>	<u>36,114</u>	<u>-</u>	<u>127,838</u>	<u>127,838</u>
Total other liabilities	<u>91,724</u>	<u>36,114</u>	<u>-</u>	<u>127,838</u>	<u>127,838</u>
Total business-type activities long-term liabilities	<u>\$ 2,646,240</u>	<u>\$ 921,114</u>	<u>\$ 411,417</u>	<u>\$ 3,155,937</u>	<u>\$ 615,005</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2022, was \$67,954,315. Total general obligation debt outstanding at year end was \$15,223,000.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the Village. Debt in the governmental funds will be retired by tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities					
General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2022
2012 G.O. Debt	05/02/12	04/01/27	1.00-2.50%	\$ 2,500,000	\$ 1,005,000
2015 G.O. Debt	11/03/15	04/01/25	2.00	2,888,050	310,000
2016 G.O. Debt	08/01/16	04/01/26	1.50-1.65	1,901,254	601,254
2016 G.O. Refunding Debt	08/01/16	04/01/32	2.00-2.38	1,949,448	1,371,349
2017 G.O. Debt	08/02/17	04/01/32	1.50-3.0	825,000	440,000
2018 G.O. Debt	07/30/18	04/01/28	2.50-4.00	1,000,000	750,000
2019 G.O. Debt	07/30/19	04/01/29	2.00-4.00	1,615,000	1,440,000
2020 G.O. Debt	08/04/20	04/01/30	1.00-2.00	2,290,000	2,080,000
2021 G.O. Refunding Debt	01/05/21	04/01/26	0.98	427,000	345,000
2021 G.O. Debt	08/02/21	04/01/31	1.05-2.00	2,475,000	2,330,000
2022 G.O. Debt	07/26/22	04/01/32	3.00-4.00	1,525,000	1,525,000
Total governmental activities, general obligation debt					<u>\$ 12,197,603</u>

Business-Type Activities					
General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2022
Sewer 2016 G.O. Debt	08/01/16	04/01/26	1.50-1.65%	\$ 210,426	\$ 40,426
Sewer 2016 G.O. Refunding	08/01/16	04/01/32	2.00-2.38	20,055	14,055
Water 2016 G.O. Debt	08/01/16	04/01/26	1.50-1.65	86,041	21,041
Water 2016 G.O. Refunding	08/01/16	04/01/32	2.00-2.38	70,496	44,596
Water 2018 G.O. Debt	07/30/18	04/01/28	2.50-4.00	200,000	125,000
Stormwater 2016 G.O. Debt	08/01/16	04/01/26	1.50-1.65	387,279	122,279
Stormwater 2017 G.O. Debt	08/01/17	04/01/32	1.50-3.0	375,000	205,000
Stormwater 2018 G.O. Debt	07/30/18	04/01/28	2.50-4.00	405,000	130,000
Stormwater 2019 G.O. Debt	07/30/19	04/01/29	2.00-4.00	215,000	160,000
Water 2020 G.O. Debt	08/04/20	04/01/30	1.00-2.00	215,000	175,000
Sewer 2021 G.O. Refunding	01/05/21	04/01/26	0.98	349,000	278,000
Stormwater 2021 G.O. Refunding	01/05/21	04/01/26	0.98	230,000	185,000
Water 2021 G.O. Debt	08/02/21	04/01/31	1.05-2.00	700,000	640,000
Water 2022 G.O. Debt	07/26/22	04/01/32	3.00-4.00	560,000	560,000
Stormwater 2022 G.O. Debt	07/26/22	04/01/32	3.00-4.00	325,000	325,000
Total business-type activities, general obligation debt					<u>\$ 3,025,397</u>

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-Type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,542,300	\$ 271,362	\$ 487,167	\$ 73,427
2024	1,573,900	226,038	406,100	58,076
2025	1,619,700	185,786	410,300	48,303
2026	1,638,154	145,518	425,379	38,464
2027	1,507,500	107,997	297,500	29,335
2028-2032	4,316,049	182,655	998,951	52,595
Total	<u>\$ 12,197,603</u>	<u>\$ 1,119,356</u>	<u>\$ 3,025,397</u>	<u>\$ 300,200</u>

Other Long-Term Obligations

Other Long-Term Obligations at December 31, 2022 consist of the following:

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
<u>Other Long-Term Obligations</u>					
NSFD debt obligation	08/01/03	08/01/23	2.50-4.20%	\$ 254,012	\$ 14,619
NSFD debt obligation	05/01/19	05/01/39	.50-2.00	60,581	58,919
NSFD debt obligation	01/22/20	05/01/39	2.00	302,909	294,595
Total governmental activities other long-term obligations					<u>\$ 368,133</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Other Long-Term Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 29,238	\$ 10,158
2024	18,163	9,183
2025	18,606	8,486
2026	19,049	7,772
2027	19,492	7,041
2039-2032	104,105	24,748
2033-2037	113,408	11,810
2038-2039	46,072	1,090
Total	<u>\$ 368,133</u>	<u>\$ 80,288</u>

Other Debt Information

Estimated payments of vested compensated absences, net and total pension liabilities and net and total OPEB liabilities are not included in the debt service requirement schedules. The vested compensated absences, net and total pension liabilities and net and total OPEB liabilities attributable to governmental activities will be liquidated primarily by the general and utility fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The Village believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Village of Fox Point

Notes to Financial Statements
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Lease Disclosures**Lessor - Lease Receivables**

<u>Governmental Activities</u>				Receivable Balance December 31, 2022
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	
Telecom Infrastructure T, Inc.	01/01/16	12/31/60	1.25%	\$ 1,647,722
Total governmental activities				<u>\$ 1,647,722</u>

The Village recognized \$3,150 of lease revenue during the fiscal year.

The Village recognized \$29,304 of interest revenue during the fiscal year.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2022, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 1,203,921
Construction in progress	290,463
Right-of-way	4,652,555
Other capital assets, net of accumulated depreciation/amortization	13,622,102
Less long-term debt outstanding	(12,197,603)
Plus unspent capital related debt proceeds	1,124,433
Plus noncapital debt proceeds	3,035,324
Plus deferred loss on refunding	34,555
Less deferred gain on refunding	(37,272)
Less unamortized premium on long-term debt	<u>(371,437)</u>
Total net investment in capital assets	<u>\$ 11,357,041</u>

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022, include the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total
Fund Balances					
Nonspendable:					
Prepaid items	\$ 71,447	\$ -	\$ -	\$ -	\$ 71,447
Delinquent personal property taxes	12,914	-	-	-	12,914
Subtotal	84,361	-	-	-	84,361
Restricted for:					
Debt service	-	538,751	-	-	538,751
Unspent debt proceeds	-	-	1,124,433	-	1,124,433
Subtotal	-	538,751	1,124,433	-	1,663,184
Committed to:					
Inspections	-	-	-	160,288	160,288
Subtotal	-	-	-	160,288	160,288
Unassigned (Deficit):	3,805,907	-	-	(49,043)	3,756,864
Total fund balances	<u>\$ 3,890,268</u>	<u>\$ 538,751</u>	<u>\$ 1,124,433</u>	<u>\$ 111,245</u>	<u>\$ 5,664,697</u>
Business-Type Activities					
Net investment in capital assets:					
Land				\$ 26,561	
Construction in progress				801,292	
Other capital assets, net of accumulated depreciation / amortization				21,910,878	
Less long-term debt outstanding				(3,025,397)	
Plus noncapital debt proceeds				58,652	
Less unamortized premium on long-term debt				(2,702)	
Total net investment in capital assets				<u>\$ 19,769,284</u>	

Village of Fox Point

Notes to Financial Statements
December 31, 2022

4. Other Information**Employees' Retirement System****Plan Description**

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Vesting

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the floor) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment %	Variable Fund Adjustment %
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$289,755 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2022 are:

Employee Category	Employee	Employer
General (executives & elected officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %
Protective without Social Security	6.75 %	16.35 %

Pension Asset, Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the Village reported an asset of \$2,059,907 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.02555658%, which was a decrease of 0.00089867% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized pension expense (revenue) of \$(85,714).

At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 3,327,676	\$ 239,961
Changes in assumptions	384,308	-
Net differences between projected and actual earnings on pension plan investments	-	4,608,185
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,562	10,880
Employer contributions subsequent to the measurement date	<u>299,492</u>	<u>-</u>
Total	<u>\$ 4,018,038</u>	<u>\$ 4,859,026</u>

\$299,492 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2023	\$ (99,076)
2024	(561,009)
2025	(245,904)
2026	(234,491)

Village of Fox Point

Notes to Financial Statements
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Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*:	1.7%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns* As of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund***	115	6.6	4
Variable Fund Asset			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

* Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

** New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

*** The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
Village's proportionate share of the net pension liability (asset)	<u>\$ 1,461,650</u>	<u>\$ (2,059,907)</u>	<u>\$ (4,594,773)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2022, the Village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Village of Fox Point

Notes to Financial Statements
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Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The Village has active construction projects as of December 31, 2022. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Joint Ventures**North Shore Water Commission**

The Village of Fox Point, City of Glendale and the Village of Whitefish Bay jointly operate the local supply and filtration system, which is called the North Shore Water Commission (NSWC) and provides water supply and filtration. The communities share in the operation proportionately based upon water sold to each participant.

The governing body is made up of citizens from each municipality. Local representatives are appointed by the municipalities. The governing body has authority to adopt its own budget and control the financial affairs of the commission.

Debt is repaid with resources of the utility and is secured by the assets and revenues of NSWC. The transactions of the Commission are not reflected in these financial statements. \$295,107 of operating costs represents the Village's share for the North Shore Water Commission which is expected to continue to provide services in the future at similar rates. Financial information of the North Shore Water Commission as of December 31, 2022 is available directly from the NSWC office.

North Shore Library

The City of Glendale and the Villages of Fox Point, Bayside and River Hills operate the North Shore Library under a Joint Library Agreement dated January 1, 1985. Under the joint agreement, a Joint Library Board is created to operate the North Shore Library. The Joint Library Board is composed of ten members: five members from Glendale, two members each from Fox Point and Bayside, one member from River Hills and the Superintendent of Schools for the Nicolet School District. The Joint Library Board has the powers to repair, maintain and renew physical assets of the library and to prepare and adopt a budget for the library's operating expenses and a budget for the library's capital improvement expenses. The operating budget must be approved by at least three of the four municipalities. In addition, the Joint Library Board has the power to appoint the Library Director and such other assistants and employees as it deems necessary. Operating and capital expenses are shared proportionately based upon population estimates published in October.

The Village's share of operations in 2022 was \$257,846. The Village believes that the library will continue to provide services in the future at similar rates.

Village of Fox Point

Notes to Financial Statements
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North Shore Fire Department

By agreement dated December 30, 1994, the North Shore Fire Department (NSFD) was created. The NSFD, which provides a unified integrated fire and emergency medical service, began operations on January 1, 1996. The NSFD was created pursuant to the provisions of Wisconsin Statutes 61.65 and 66.30. Participants are the Village of Fox Point, Village of Shorewood, Village of Brown Deer, Village of River Hills, Village of Whitefish Bay, Village of Bayside and City of Glendale. The North Shore Fire Department furnishes fire and emergency medical services. The North Shore Fire Department (NSFD) is operated by a Board of Directors consisting of seven members which includes the Mayor or Village President of each participating municipality. The affirmative vote of a majority of the members of the Board of Directors is required on most matters.

The powers of the Board of Directors include authorizing repair, maintenance and renewal of physical assets and recommending adoption of the department's budget. The capital and operating budget of the department must receive approval of at least five of the seven participating municipalities.

Also established by the agreement is a Joint Fire Commission that has the powers related to appointments, promotions, suspensions, removals, dismissals, reemployment, compensation, rest days, etc. The fiscal agent for the North Shore Fire Department is the Village of Brown Deer. The Village's share of operations in 2022 was \$1,223,125.

Dispatch Services

The Village of Fox Point, River Hills and Bayside jointly operate a dispatch service center under a joint service agreement. Under the joint agreement, the Village of Bayside provides dispatch services to the municipalities. The cost of these services is shared between the communities as agreed upon in the individual agreements. A separate board has not been established to govern the dispatch service activities. Changes to the agreements and to the services provided require the approval of all three Village boards. During 2022, the Village's share of operations was \$303,653. The Village does not report an equity interest in this joint venture.

Other Postemployment Benefits**General Information about the OPEB Plan****Plan Description**

The Village administers a single-employer defined benefit healthcare plan. The plan provides for eligible retirees and their spouses through the Village's healthcare plan which covers both active and retired members. Benefit provisions are established through personnel policy guidelines and collective bargaining agreements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Village makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees. The Village contributes 25% of the current year premiums until Medicare is available. Plan members receiving benefits contribute 75% of their premium costs.

Village of Fox Point

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Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	10
Active plan members	40
Total	50

Total OPEB Liability

The Village's total OPEB liability of \$486,947 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Discount rate	2.25%
Salary increases	Merit increases of 0.1% to 3.5% for general employees and 0.3% to 4.8% for protective employees depending upon length of service plus 3.0% for inflation
Healthcare cost trend rates	6.50% decreasing by 0.10% per year down to 5.0% and level thereafter

The discount rate was based on S&P Municipal Bond 20 Year High Grade Index.

Mortality rates were based on the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study 2015-2017.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at December 31, 2021	\$ 522,949
Changes for the year:	
Service cost	33,559
Interest	11,291
Differences between expected and actual experience	23,756
Changes in assumptions or other inputs	(28,806)
Benefit payments	(75,802)
Net changes	(36,002)
Balances at December 31, 2022	\$ 486,947

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$ 513,247	\$ 486,947	\$ 461,593

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 4.0%) or 1-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 483,859	\$ 486,947	\$ 489,393

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Village recognized negative OPEB expense of \$489. At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,283	\$ -
Changes of assumptions or other inputs	54,402	32,585
Total	\$ 84,685	\$ 32,585

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ 7,239
2024	7,239
2025	7,239
2026	7,239
2027	7,239
Thereafter	15,905
Total	<u>\$ 52,100</u>

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at the link above.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Village of Fox Point

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Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of member contribution
25% Post Retirement Coverage	20% of member contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the plan year are as listed below:

<u>Life Insurance Member Contribution Rates *For the Plan Year</u>		
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit

During the reporting period, the LRLIF recognized \$1,045 in contributions from the employer.

OPEB Liability, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2022, the Village reported a liability of \$302,008 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.05109800%, which was an increase of 0.00213600% from its proportion measured as of December 31, 2020.

Village of Fox Point

Notes to Financial Statements
December 31, 2022

For the year ended December 31, 2022, the Village recognized OPEB expense of \$33,215.

At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 15,362
Net differences between projected and investment earnings on plan investments	3,930	-
Changes in actuarial assumptions	91,247	14,638
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,898	29,134
Employer contributions subsequent to the measurement date	<u>1,084</u>	<u>-</u>
Total	<u>\$ 108,159</u>	<u>\$ 59,134</u>

\$1,084 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ 11,587
2024	11,131
2025	9,210
2026	12,406
2027	2,714
Thereafter	893

Actuarial Assumptions

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset)	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

State OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45.00%	1.68%
US Long Credit Bonds	Bloomberg US Long Credit	5.00%	1.82%
US Mortgages	Bloomberg US MBS	50.00%	1.94%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount Rate

A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 2.17%, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
Village's proportionate share of the net OPEB liability	<u>\$ 409,716</u>	<u>\$ 302,008</u>	<u>\$ 220,962</u>

Single-Employer Defined Benefit Pension Plan**Plan Description**

The Village reports a single-employer defined benefit pension plan (the Stipend Plan). Management of the Stipend Plan is vest in the Village Board. No assets have been accumulated in a trust for the payment of these benefits. The plan is administered by the Village and provides active public safety employees that retire on or after January 1, 2002 with a monthly cash benefit ranging from \$200 to \$375 per month. Benefit provisions are established through agreements approved by the Village Board.

At December 31, 2022, the District plan's membership consisted of:

Retirees and beneficiaries	1
Active members	<u>10</u>
Total	<u><u>11</u></u>

The Village paid \$6,814 for pension benefits as they came due during the reporting period. The Village is funding these benefits on a pay-as-you-go basis.

Changes in Total Pension Liability

The Village's change in total pension liability for the fiscal year ended December 31, 2022 was as follows:

	Total Pension Liability
Beginning of Year Balance	\$ 189,710
Service cost	8,958
Interest on total pension liability	4,293
Differences between expected and actual experience	(7,619)
Benefit payments	(6,814)
End of Year Balance	\$ 188,528

Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date:	December 31, 2021
Actuarial Valuation Date:	December 31, 2021
Inflation:	2.00%
Salary Changes:	5.8% down to 0.2% in 30 years; includes merit increases plus inflation
Discount Rate:	2.25%

The discount rate was based on S&P Municipal Bond 20 Year High Grade Index.

Mortality rates were based on the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study 2015-2017.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following is a sensitivity analysis of the total pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the current discount rate of 2.25% as well as what the total pension liability would be if it were to be calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$200,420	\$188,528	\$177,171

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2022, the Village recognized pension expense of \$9,909.

At December 31, 2022 the Village reported deferred outflows of resources related to pensions from the following source:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,420	\$ 6,857
Changes in assumptions	20,736	3,375
Employer contributions subsequent to the measurement date	<u>6,571</u>	<u>-</u>
Total	<u><u>\$ 41,727</u></u>	<u><u>\$ 10,232</u></u>

\$6,571 reported as deferred outflows related to pension resulting from the Stipend Plan's contributions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2023	\$ 3,226
2024	3,226
2025	3,226
2026	3,226
2027	3,226
Thereafter	8,794

Village of Fox Point

Notes to Financial Statements
December 31, 2022

Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Fox Point

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 5,752,868	\$ 5,760,313	\$ 7,445
Intergovernmental	775,917	782,417	6,500
Licenses and permits	111,630	117,126	5,496
Fines, forfeitures and penalties	100,050	68,001	(32,049)
Public charges for services	38,025	10,540	(27,485)
Intergovernmental charges for services	116,500	140,426	23,926
Investment income	18,000	50,636	32,636
Miscellaneous revenues	45,075	80,677	35,602
	<u>6,958,065</u>	<u>7,010,136</u>	<u>52,071</u>
Total revenues			
Expenditures			
Current:			
General government	1,038,823	1,148,222	(109,399)
Public safety	4,021,039	3,952,887	68,152
Public works	1,529,261	1,545,096	(15,835)
Health and human services	52,758	52,770	(12)
Culture, recreation and education	284,096	289,472	(5,376)
Conservation and development	51,300	55,743	(4,443)
	<u>6,977,277</u>	<u>7,044,190</u>	<u>(66,913)</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(19,212)</u>	<u>(34,054)</u>	<u>(14,842)</u>
Other Financing Sources (Uses)			
Transfers in	230,000	275,478	45,478
Transfers out	-	(168,065)	(168,065)
Proceeds from sale of capital assets	1,500	1,477	(23)
	<u>231,500</u>	<u>108,890</u>	<u>(122,610)</u>
Total other financing sources (uses)			
Net change in fund balance	<u>\$ 212,288</u>	<u>74,836</u>	<u>\$ (137,452)</u>
Fund Balance, Beginning		<u>3,815,432</u>	
Fund Balance, Ending		<u>\$ 3,890,268</u>	

Village of Fox Point

Schedule of Village's Proportionate Share of the Net Pension Liability (Asset) -
 Wisconsin Retirement System
 Year Ended December 31, 2022

WRS Fiscal Year End	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.02766856%	\$ (679,616)	\$ 3,210,928	21.17%	102.74%
12/31/15	0.02724353%	442,702	3,268,645	13.54%	98.20%
12/31/16	0.02669150%	220,002	3,236,140	6.80%	99.12%
12/31/17	0.02708612%	(804,219)	3,396,748	23.68%	102.93%
12/31/18	0.02730611%	971,465	3,406,954	28.51%	96.45%
12/31/19	0.02738158%	(882,907)	3,403,013	25.94%	102.96%
12/31/20	0.02645525%	(1,651,637)	3,132,860	52.72%	105.26%
12/31/21	0.02555658%	(2,059,907)	3,181,408	64.75%	106.02%

Schedule of Employer Contributions - Wisconsin Retirement System
 Year Ended December 31, 2022

City Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 277,668	\$ 277,668	\$ -	\$ 3,268,645	8.49%
12/31/16	233,362	233,362	-	3,236,140	7.21%
12/31/17	268,350	268,350	-	3,396,748	7.90%
12/31/18	272,687	272,687	-	3,406,954	8.00%
12/31/19	265,308	265,308	-	3,403,013	7.80%
12/31/20	294,488	294,488	-	3,132,860	9.40%
12/31/21	292,303	292,303	-	3,181,408	9.19%
12/31/22	299,492	299,492	-	3,278,972	9.13%

See notes to required supplementary information

Village of Fox Point

Schedule of Changes in the Total Pension Liability and Related Ratios -
 Supplemental Pension (Stipend) Plan
 Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability					
Service cost	\$ 8,958	\$ 8,008	\$ 6,323	\$ 6,683	\$ 6,683
Interest	4,293	4,919	5,305	4,635	4,432
Difference between expected and actual experience	-	-	19,829	-	125,761
Changes in assumptions	(7,619)	6,155	21,587	(4,723)	-
Benefit payments	<u>(6,814)</u>	<u>(8,502)</u>	<u>(6,777)</u>	<u>(5,634)</u>	<u>(4,974)</u>
Net change in total pension liability	(1,182)	10,580	46,267	961	131,902
Total pension liability, beginning	<u>189,710</u>	<u>179,130</u>	<u>132,863</u>	<u>131,902</u>	-
Total pension liability, ending	<u>\$ 188,528</u>	<u>\$ 189,710</u>	<u>\$ 179,130</u>	<u>\$ 132,863</u>	<u>\$ 131,902</u>
Covered-Employee Payroll	\$ 831,546	\$ 885,477	\$ 885,477	\$ 774,235	\$ 774,235
Total pension liability as a percentage of covered payroll	22.67%	21.42%	20.23%	17.16%	17.04%

See notes to required supplementary information

Village of Fox Point

Schedule of Changes in the Total OPEB Liability and Related Ratios -

Health Insurance

Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 33,559	\$ 30,481	\$ 18,705	\$ 19,418	\$ 19,418
Interest	11,291	14,286	18,264	16,656	16,876
Difference between expected and actual experience	23,756	-	12,719	-	486,994
Changes in assumptions	(28,806)	13,311	62,506	(11,100)	-
Benefit payments	<u>(75,802)</u>	<u>(78,754)</u>	<u>(31,622)</u>	<u>(56,174)</u>	<u>(29,035)</u>
Net change in total OPEB liability	(36,002)	(20,676)	80,572	(31,200)	494,253
Total OPEB liability, beginning	<u>522,949</u>	<u>543,625</u>	<u>463,053</u>	<u>494,253</u>	<u>-</u>
Total OPEB liability, ending	<u>\$ 486,947</u>	<u>\$ 522,949</u>	<u>\$ 543,625</u>	<u>\$ 463,053</u>	<u>\$ 494,253</u>
Covered-Employee Payroll	\$ 3,057,144	\$ 2,985,665	\$ 2,985,665	\$ 2,784,095	\$ 2,784,095
Total OPEB liability as a percentage of covered-employee payroll	15.93%	17.52%	18.21%	16.63%	17.75%

See notes to required supplementary information

Village of Fox Point

Schedule of Proportionate Share of the Net OPEB Liability -
 Local Retiree Life Insurance Fund (LRLIF)
 Year Ended December 31, 2022

Plan Fiscal Year End	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.06120200%	\$ 184,131	\$ 2,573,719	7.15%	44.81%
12/31/18	0.05947700%	153,471	2,879,000	5.33%	48.69%
12/31/19	0.06052900%	257,744	2,847,000	9.05%	37.58%
12/31/20	0.04896200%	269,326	2,720,000	9.90%	31.36%
12/31/21	0.05109800%	302,008	2,832,000	10.66%	29.57%

Schedule of Employer Contributions - Local Retiree Life Insurance Fund (LRLIF)
 Year Ended December 31, 2022

City Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 1,162	\$ 1,162	\$ -	\$ 2,573,719	0.05%
12/31/19	1,145	1,145	-	2,879,000	0.04%
12/31/20	965	965	-	2,847,000	0.03%
12/31/21	1,024	1,024	-	2,720,000	0.04%
12/31/22	1,084	1,084	-	2,832,000	0.04%

See notes to required supplementary information

Village of Fox Point

Notes to Required Supplementary Information
Year Ended December 31, 2022

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

The budgeted amounts presented include any amendments made. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

Wisconsin Retirement System

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The Village is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

Village of Fox Point

Notes to Required Supplementary Information
Year Ended December 31, 2022

Local Retiree Life Insurance Fund

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The Village is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes in assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

Health Insurance Plan

The Village is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefits terms for the city.

Changes in assumptions. There were no changes in assumptions except for the Municipal Bond Rate Source was changed from the Bond Buyer 20-Bond GO Index to the S&P Municipal Bond 20 Year High Grade Index.

Supplemental Pension (Stipend) Plan

The Village is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Accumulation of assets: No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 73.

Changes in benefit terms: There were no changes of benefit terms.

Changes in assumptions: There were no changes in assumptions except for the Municipal Bond Rate Source was changed from the Bond Buyer 20-Bond GO Index to the S&P Municipal Bond 20 Year High Grade Index.

SUPPLEMENTARY INFORMATION

Village of Fox Point

Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual -

General Fund

Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Taxes			
General property taxes	\$ 5,694,868	\$ 5,704,948	\$ 10,080
Payment in lieu of taxes	24,000	24,030	30
Interest and penalties on taxes	34,000	31,335	(2,665)
Total taxes	<u>5,752,868</u>	<u>5,760,313</u>	<u>7,445</u>
Intergovernmental			
Federal grants	6,000	4,300	(1,700)
State shared revenues	89,966	81,250	(8,716)
Spending restraint	61,432	75,651	14,219
Fire insurance tax from state	41,218	39,826	(1,392)
State aid, streets	517,136	515,800	(1,336)
State aid, exempt computer aid	27,665	36,905	9,240
Other State grants	32,500	28,685	(3,815)
Total intergovernmental	<u>775,917</u>	<u>782,417</u>	<u>6,500</u>
Licenses and Permits			
Beverage licenses	7,000	6,055	(945)
Bicycle licenses	40	50	10
Pet licenses	1,100	1,631	531
Cable TV franchise fee	78,600	80,216	1,616
Other permits	24,890	29,174	4,284
Total licenses and permits	<u>111,630</u>	<u>117,126</u>	<u>5,496</u>
Fines, Forfeitures and Penalties			
Court penalties and costs	100,050	68,001	(32,049)
Total fines, forfeitures and penalties	<u>100,050</u>	<u>68,001</u>	<u>(32,049)</u>
Public Charges for Services			
Miscellaneous service revenues	27,425	-	(27,425)
Job orders	9,700	8,425	(1,275)
Pavilion rental	500	1,900	1,400
Fingerprint fee	200	190	(10)
Administrative warrant fee	200	25	(175)
Total public charges for services	<u>38,025</u>	<u>10,540</u>	<u>(27,485)</u>
Intergovernmental Charges for Services			
Fire protection, school district	6,500	-	(6,500)
Utility equipment rental	110,000	140,426	30,426
Total intergovernmental charges for services	<u>116,500</u>	<u>140,426</u>	<u>23,926</u>
Investment Income			
Investment income	<u>18,000</u>	<u>50,636</u>	<u>32,636</u>
Total investment income	<u>18,000</u>	<u>50,636</u>	<u>32,636</u>

Village of Fox Point

Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual -

General Fund

Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Miscellaneous Revenues			
Insurance recoveries	\$ 15,000	\$ 13,037	\$ (1,963)
Miscellaneous revenues	<u>30,075</u>	<u>67,640</u>	<u>37,565</u>
Total miscellaneous revenues	<u>45,075</u>	<u>80,677</u>	<u>35,602</u>
Other Financing Sources			
Transfer in	230,000	275,478	45,478
Proceeds from sale of capital assets	<u>1,500</u>	<u>1,477</u>	<u>(23)</u>
Total other financing sources	<u>231,500</u>	<u>276,955</u>	<u>45,455</u>
Total revenues and other financing sources	<u><u>\$ 7,189,565</u></u>	<u><u>\$ 7,287,091</u></u>	<u><u>\$ 97,526</u></u>

Village of Fox Point

Schedule of Expenditures and Other Financing Uses - Budget and Actual -

General Fund

Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance With Final Budget
General Government			
Board	\$ 5,850	\$ 15,746	\$ (9,896)
Manager	170,761	183,550	(12,789)
Clerk	174,690	175,236	(546)
Treasurer/financial manager	97,130	124,447	(27,317)
Elections	32,286	17,835	14,451
Assessor	33,000	31,477	1,523
Legal	69,500	98,367	(28,867)
Judicial	59,076	59,309	(233)
Municipal court	30,000	19,253	10,747
General buildings and plant	140,200	160,649	(20,449)
Insurance	223,230	256,498	(33,268)
Other general government	3,100	5,855	(2,755)
Total	1,038,823	1,148,222	(109,399)
Public Safety			
Police	2,739,563	2,673,737	65,826
Fire	1,224,507	1,223,116	1,391
Other public safety and joint charges	56,169	55,234	935
Protective inspection	800	800	-
Total	4,021,039	3,952,887	68,152
Public Works			
Village engineer	118,442	107,789	10,653
Machinery and equipment	131,125	157,927	(26,802)
Building and grounds	1,027,031	1,025,278	1,753
DPW fringe benefits	10,313	8,813	1,500
Storm sewer maintenance	850	617	233
Highway and streets	55,700	55,755	(55)
Snow/ice removal	81,000	64,121	16,879
Sanitation	89,800	110,152	(20,352)
Traffic control	14,000	13,425	575
Job orders	1,000	1,219	(219)
Total	1,529,261	1,545,096	(15,835)
Health and Human Services			
Health department and welfare	52,758	52,770	(12)
Total	52,758	52,770	(12)
Culture, Recreation and Education			
Library	257,846	257,846	-
Skating rink/shelter	16,000	22,601	(6,601)
Parks and recreation	4,250	4,805	(555)
Culture and recreation	6,000	4,220	1,780
Total	284,096	289,472	(5,376)
Conservation and Development			
Forestry	51,300	55,743	(4,443)
Other Financing Uses			
Transfers out	-	168,065	(168,065)
Total expenditures and other financing uses	\$ 6,977,277	\$ 7,212,255	\$ (234,978)

Village of Fox Point

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2022

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Recycling</u>	<u>Pool</u>	<u>Inspection</u>	
Assets				
Cash and investments	\$ -	\$ 9,345	\$ 199,494	\$ 208,839
Receivables:				
Accounts	39,952	-	4,400	44,352
Due from other funds	8,105	-	-	8,105
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 48,057</u>	<u>\$ 9,345</u>	<u>\$ 203,894</u>	<u>\$ 261,296</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 54,477	\$ 4,838	\$ 38,946	\$ 98,261
Accrued liabilities	152	4,507	4,660	9,319
Due to other funds	42,471	-	-	42,471
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>97,100</u>	<u>9,345</u>	<u>43,606</u>	<u>150,051</u>
Fund Balances (Deficit)				
Committed	-	-	160,288	160,288
Unassigned (deficit)	(49,043)	-	-	(49,043)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>(49,043)</u>	<u>-</u>	<u>160,288</u>	<u>111,245</u>
Total liabilities and fund balances (deficit)	<u>\$ 48,057</u>	<u>\$ 9,345</u>	<u>\$ 203,894</u>	<u>\$ 261,296</u>

Village of Fox Point

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Governmental Funds
 Year Ended December 31, 2022

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Recycling</u>	<u>Pool</u>	<u>Inspection</u>	
Revenues				
Intergovernmental	\$ 58,511	\$ -	\$ -	\$ 58,511
Licenses and permits	-	-	236,571	236,571
Public charges for services	190,516	98,340	-	288,856
Total revenues	<u>249,027</u>	<u>98,340</u>	<u>236,571</u>	<u>583,938</u>
Expenditures				
Current:				
Public safety	-	-	163,876	163,876
Public works	308,352	291	-	308,643
Culture, recreation and education	-	217,227	-	217,227
Capital outlay	-	5,216	-	5,216
Total expenditures	<u>308,352</u>	<u>222,734</u>	<u>163,876</u>	<u>694,962</u>
Excess (deficiency) of revenues over expenditures	<u>(59,325)</u>	<u>(124,394)</u>	<u>72,695</u>	<u>(111,024)</u>
Other Financing Sources (Uses)				
Transfers in	22,989	145,076	-	168,065
Transfer out	-	(15,413)	(50,000)	(65,413)
Total other financing sources (uses)	<u>22,989</u>	<u>129,663</u>	<u>(50,000)</u>	<u>102,652</u>
Net change in fund balances	(36,336)	5,269	22,695	(8,372)
Fund Balances (Deficit), Beginning	<u>(12,707)</u>	<u>(5,269)</u>	<u>137,593</u>	<u>119,617</u>
Fund Balances (Deficit), Ending	<u><u>\$ (49,043)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 160,288</u></u>	<u><u>\$ 111,245</u></u>